

# **GENERAL INFORMATION**

## **Executive Mayor, Speaker, Chief Whip and Members of the Mayoral Committee**

Executive Mayor:	Clr S K Mashilo
Speaker:	Clr B A Nkwanyana
Council Whip:	Clr T Letlaka
MMC for Finance:	Clr IM Masombuka
MMC for Infrastructure & Service Delivery:	Clr LJ Dikgale
MMC for Social Services, Disaster, Youth, Health & Education:	Clr. NE Hlope
MMC for Local Economic Development and Rural Development:	Clr. AP Mufume
MMC for Corporate, Human Resources & Legal Services:	Clr.C Motau
MMC for Rural Development, Public Safety and Transport:	Clr. JF Radebe

## **Grading of Local Authority**

Grade 9 High Capacity Municipality

## **Auditors**

The Auditor-General South Africa

## **Bankers**

ABSA Bank Middelburg

## **Primary Bank Account**

Name of Bank: ABSA  
Account No: 1040 161 836  
Branch Code: 334350  
Type of Acc: Current Account

## **Registered Office**

2A Walter Sisulu Street, Middelburg, 1050

## **Municipal Manager/Accounting Officer**

Mr T C Makola (1 July 2011 to 25 January 2012)  
Mr A G Zimbwa (Acting 28 January 2012 to 30 June 2012)

## **Manager: Finance/Chief Financial Officer**

Mr M J Strydom (Acting from 1 July 2011 to 31 March 2012)  
Mrs A L Stander (1 April 2012 to 30 June 2012)

## **Credit rating**

International Long Term:	BBB+
Long Term:	AA-
Short Term:	F1+

## **Contact details**

Telephone : +27 (13) 249 2000  
Fax : +27 (13) 249 2114

# **REPORT OF THE MANAGER:** **FINANCE**

## 1. INTRODUCTION

The financial objective of the municipality is to secure sound and sustainable management of the financial affairs of the municipality and to assist the six local municipalities to be financially viable.

Critical functional areas for the district municipality and local municipalities include the payment for services, revenue collection, capacity for municipal infrastructure expenditure and compliance with legislation.

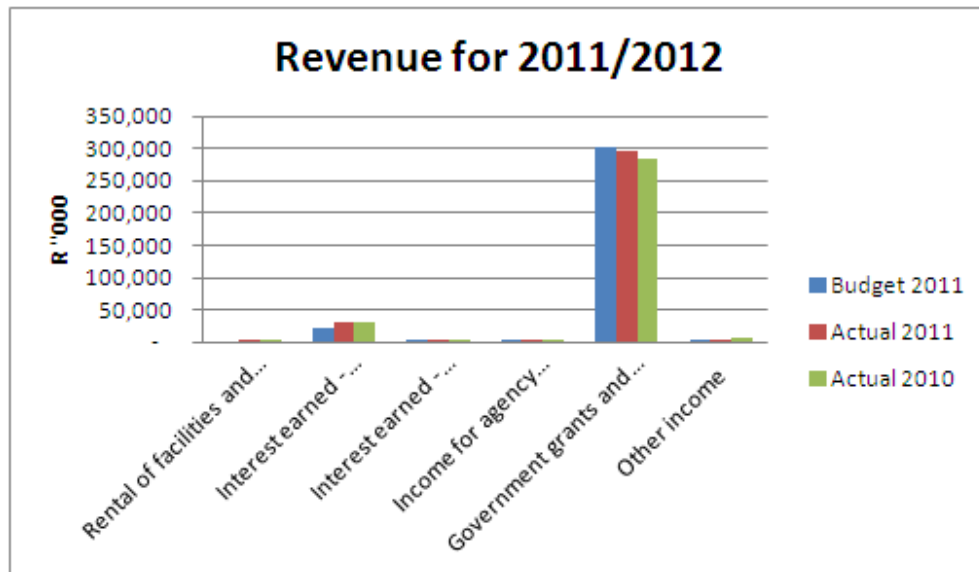
Issue 3 of the IDP relates to financial viability and includes projects that contributed to the financial viability of the district and local municipalities.

## 2. REVIEW OF OPERATING RESULTS

The 2011/2012 budget of the Nkangala District Municipality was approved by Council on the 4<sup>th</sup> of May 2011. An adjustment budget was approved on the 28<sup>th</sup> of March 2012. Herewith is a commentary on the financial results.

### 2.1 REVENUE

2012 Budget		Note	2012 R	2011 R
	<b>REVENUE</b>			
-	Rental of facilities and equipment		256,152	264,347
22,125,000	Interest earned - external investments		30,256,521	31,135,900
103,000	Interest earned - outstanding debtors		20,878	41,486
226,864	Income for agency services/ donars		226,864	112,602
301,055,832	Government grants and subsidies	15	294,684,832	284,659,021
2,384,000	Other income	16	4,707,485	5,919,642
<b>325,894,696</b>	<b>Total revenue</b>		<b>330,152,730</b>	<b>322,132,998</b>



## INTEREST EARNED

Interest earned on external investments decreased with 2.82% from R31,135,900 (2010/2011) to R30,256,521 (2011/2012). This decrease is attributed to a decrease in interest rates on call deposits.

Interest earned on outstanding debtors decreased with 49.68% from R41,486 (2010/2011) to R20,878 (2011/2012) due to better credit control measures.

## GOVERNMENT GRANTS AND SUBSIDIES

Government Grants and subsidies increased with 3.52 % from R284,659,021(2010/11) to R294,684,832 (2011/12). Government Grants and subsidies include the RSC Levy Replacement grant, the equitable share, and Fire Service subsidy, Municipal System Improvement Grant, Finance Management Grant and the Transport Grant.

According to the accounting policies only the portion that has been expended and meets the conditions of the grant are recognized as revenue.

## OTHER INCOME

Other income decreased with 20.48% from R5,919,642 (2010/11) to R4,707,485 (2011/12), which include discount received.

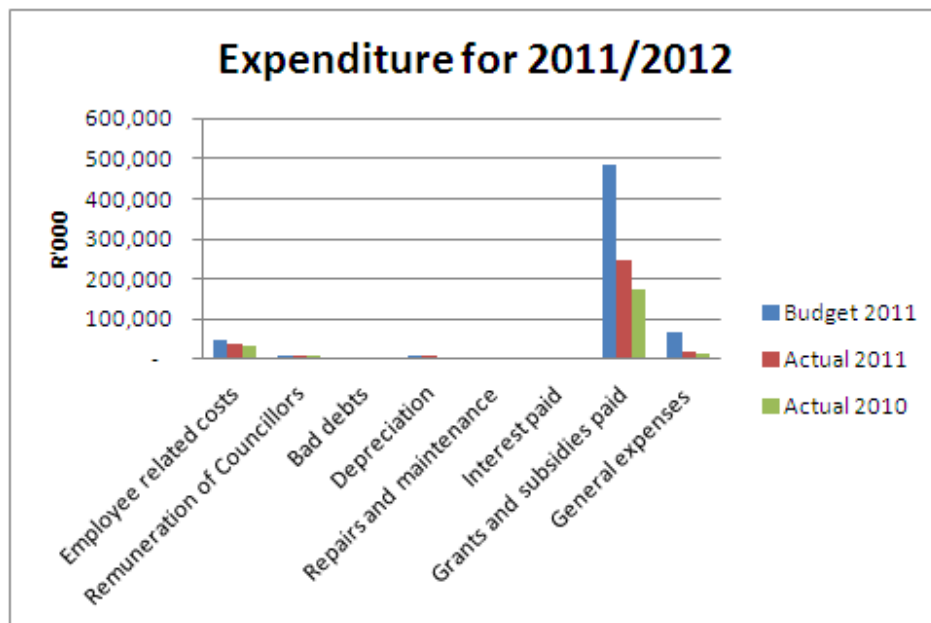
Total revenue increased with 2.49% from R322,132,998 to R330,152,720 from the 2010/2011 financial year. This amount exceeded the budget amount with R4,258,035.

Indicative allocations published in Division of Revenue Act (DORA) point to an increase in the RSC Levy Replacement Grant.

The outlook for the next financial year is that the total revenue will increase compared to the year under review.

## 2.2 EXPENDITURE

2012 Budget	EXPENDITURE	2012 R	2011 R
46,195,331	Employee related costs	38,231,320	35,556,126
10,264,008	Remuneration of Councillors	10,254,697	8,589,272
27,000	Bad debts	17,710	5,960
7,853,000	Depreciation	7,556,871	6,619,085
2,973,533	Repairs and maintenance	2,087,666	2,335,394
6,722,000	Interest paid	5,973,380	6,632,339
484,821,172	Grants and subsidies paid	248,856,578	175,774,518
67,109,165	General expenses	19,265,878	13,712,330
<b>625,965,209</b>	<b>Total Expenditure</b>	<b>332,244,100</b>	<b>249,225,024</b>



### EMPLOYEE RELATED COST

Actual employee related costs increased with 7.52 % from R35,556,126 (2010/11) to R38,231,320 (2011/12). Actual employee related costs are 82.76 % of the budget,

which is due to vacancies which have not been filled in the year under review.

## **REMUNERATION OF COUNCILLORS**

Payments made to councillors are in terms of the legislation on remuneration of public office bearers.

Actual councillor allowance costs increased with 19.39 % from R8,589,272 (2010/11) to R10,254,697 (2011/12). Actual councillor allowance costs are 99.91% of the budget.

## **DEPRECIATION**

Depreciation is charged on Property, Plant & Equipment at rates determined in the accounting policies and asset useful life's is reviewed annually.

Actual depreciation costs increased with 14.17 % from R6,619,085 (2010/11) to R7,556,871 (2011/12). Actual depreciation costs are 96.23% of the budget.

## **REPAIRS & MAINTENANCE**

This expenditure relates to maintenance on the office building which was used for the full duration of the year under review.

Actual repair and maintenance costs decreased with 10.61 % from R2,335,394 (2010/11) to R2,087,666 (2011/12). Actual repair and maintenance costs are 70.21% of the budget.

## **INTEREST PAID**

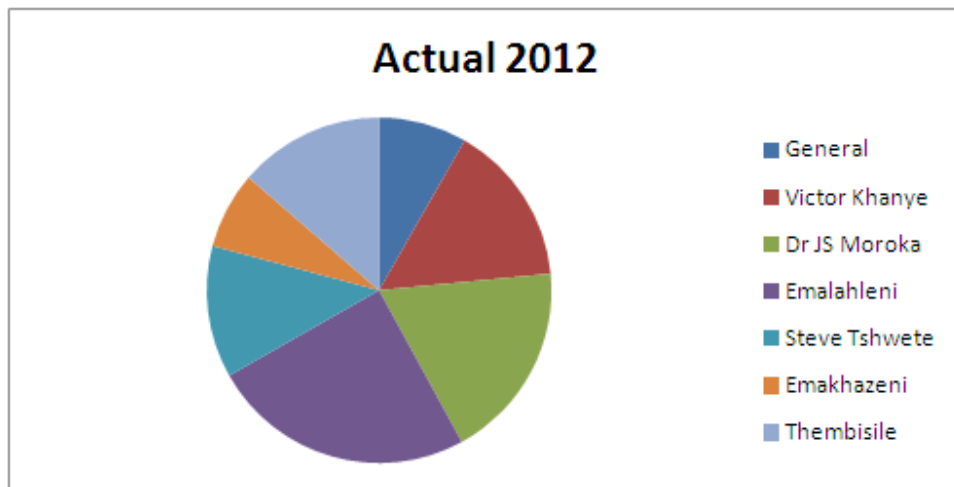
This interest relates to interest on long term loans with INCA, DBSA and financial leases for office equipment.

Actual interest costs decreased with 9.94 % from R6,632,339 (2010/11) to R5,973,380 (2011/12). Actual interest costs are 88.86% of the budget.

## **GRANTS & SUBSIDIES**

This expenditure relates to expenditure on infrastructure for local municipalities and regional functions for which the District Municipality is the primary authority.

Actual grants and subsidies paid represent 74.90% (70.53%:2010/11) of the total expenditure and increased with 41,58% from R175,774,518 (2010/11) to R248,856,578 (2011/12). The increased expenditure shows that initiatives to speed-up project expenditure is starting to pay dividends during the period under review.



## **GENERAL EXPENDITURE**

General Expenditure compromise of operating expenditure not disclosed elsewhere on the statement of financial performance. Detail of general expenditure is disclosed under note 22 to the financial statements.

Actual general expenditure costs increased with 40.50 % from R13,712,330 (2010/11) to R19,265,878 (2011/12). Actual general expenditure costs are 28.71% of the budget.

### **3. FINANCIAL POSITION**

The Statement of Financial position represents the financial strength of the municipality by a comparison of assets over liabilities.

The total assets of the municipality decreased with 1.88% from R846,254,892 (2010/11) to R830,332,058 (2011/12). The contributing factors of this decrease in inventory and call investments as a result of the increased project expenditure.

Liabilities decreased with 11.17% from R123,828,251 (2010/11) to R109,996,784 (2011/12), which is mainly due to the decreased accruals for 2012.

#### 4. KEY RATIOS

##### CURRENT RATIO

This ratio represents the ability of the municipality to pay short term obligations within the next 12 months.

	<b>Current assets</b>	<b>Current Liabilities</b>	
	<b>R</b>	<b>R</b>	<b>Ratio</b>
<b>2011</b>	724,459,129	71,355,365	10.15:1
<b>2012</b>	705,682,795	62,962,684	11.21:1

##### ACID TEST

A stringent indicator that determines whether a company/institution has enough short-term assets to cover its immediate liabilities without considering inventory. Institutions with ratios of less than 1 cannot pay their current liabilities and should be looked at with extreme caution.

	<b>Current assets - Inventory</b>	<b>Current Liabilities</b>	
	<b>R</b>	<b>R</b>	<b>Ratio</b>
<b>2011</b>	479,876,417	71,355,365	6.73:1
<b>2012</b>	467,209,191	62,962,684	7.42:1

##### SOLVENCY RATIO

This represents the ability of the municipality to pay both its long term and short term obligations.

	<b>Total Assets</b>	<b>Total Liabilities</b>	
	<b>R</b>	<b>R</b>	<b>Ratio</b>
<b>2011</b>	846,254,892	123,828,251	6.83:1
<b>2012</b>	830,332,055	109,996,784	7.55:1

## OTHER RATIOS

	30-Jun-12	30-Jun-11
Employee related cost/Total Expenditure	11.51	14.27
Actual Grants and subsidies paid/Total Expenditure	74.90	70.53
Actual Grants and subsidies paid/Budget	51.33	30.41

### 5. CREDIT RATING

Fitch's international credit rating committee has affirmed the Nkangala District Municipality's the Long-term local currency rating at 'BBB+' and National Long-term rating at 'AA-(zaf)'. The Outlook for both ratings is Stable.

At the same time the Committee has decided to upgrade the National Short-term rating to 'F1+(Zaf)' from 'F1(Zaf)'

### 6. GENERALLY RECOGNISED ACCOUNTING PRACTICES

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

### 7. CONCLUSION

Good governance, sound financial management and financial viability remain critical success factors for the municipality.

### 8. ACKNOWLEDGEMENT

I would like to extend my appreciation to the Honourable Executive Mayor, Mayoral Committee and Councillors for strategic direction and leadership demonstrated during the financial year.

The guidance and vision of the Acting Municipal Manager and Heads of Departments are acknowledged with gratitude. A special word of appreciation is extended to all my colleagues for their loyalty and support.

Thank you

**AL STANDER**  
**MANAGER: FINANCE (CHIEF FINANCIAL OFFICER)**



**NKANGALA DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2012**

	Note	2012 R	2011 R
<b>NET ASSETS AND LIABILITIES</b>			
<b>Net assets</b>		<b>720,335,271</b>	<b>722,426,641</b>
Accumulated surplus/(deficit)		720,335,271	722,426,641
<b>Non-current liabilities</b>		<b>47,034,100</b>	<b>52,472,886</b>
Long-term liabilities	2	39,906,195	45,632,027
Non-current provisions	3	7,127,905	6,840,859
<b>Current liabilities</b>		<b>62,962,684</b>	<b>71,355,364</b>
Retentions	4	25,370,163	23,666,699
Provisions	5	5,433,943	3,663,131
Creditors from exchange transactions	6	25,590,656	36,684,374
Unspent conditional grants and receipts	7	-	687,696
Current portion of long-term liabilities	2	6,567,923	6,653,464
<b>Total net assets and liabilities</b>		<b>830,332,055</b>	<b>846,254,892</b>
<b>ASSETS</b>			
<b>Non-current assets</b>		<b>124,649,260</b>	<b>121,795,764</b>
Property, plant and equipment	9	85,794,634	86,331,777
Investments	10	38,854,626	35,463,986
<b>Current assets</b>		<b>705,682,795</b>	<b>724,459,129</b>
VAT	8	19,021,830	13,394,298
Inventory	11	238,473,604	244,582,712
Other debtors from exchange transactions	12	139,153	329,845
Call investment deposits	13	437,065,084	453,327,229
Bank balances and cash	14	10,983,124	12,825,045
<b>Total assets</b>		<b>830,332,055</b>	<b>846,254,892</b>

**NKANGALA DISTRICT MUNICIPALITY**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2012**

2012 Budget		Note	2012 R	2011 R
<b>REVENUE</b>				
-	Rental of facilities and equipment		256,152	264,347
22,125,000	Interest earned - external investments		30,256,521	31,135,900
103,000	Interest earned - outstanding debtors		20,878	41,486
226,864	Income for agency services/ donars		226,864	112,602
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<b>325,894,696</b>	<b>Total revenue</b>		<b>330,152,730</b>	<b>322,132,998</b>
<b>EXPENDITURE</b>				
46,195,331	Employee related costs	17	38,231,320	35,556,126
10,264,008	Remuneration of councillors	18	10,254,697	8,589,272
27,000	Bad debts		17,710	5,960
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484,821,172	Grants and subsidies paid	20	248,856,578	175,774,518
67,109,165	General expenses	22	19,265,878	13,712,330
<b>625,965,209</b>	<b>Total expenditure</b>		<b>332,244,100</b>	<b>249,225,024</b>
<b>(300,070,513)</b>	<b>SURPLUS/(DEFICIT) FOR THE PERIOD</b>		<b>(2,091,370)</b>	<b>72,907,973</b>
Refer to annexure E(1) for the comparison with the approved budget				

**NKANGALA DISTRICT MUNICIPALITY**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE PERIOD ENDED 30 JUNE 2012**

	<u>Note</u>	<u>Accumulated</u> <u>Surplus/</u> <u>(Deficit)</u>	<u>Total</u>
			R
<b>2011</b>			
Balance at 1 July 2010		649,518,668	649,518,668
Surplus/(deficit) for the year		72,907,973	72,907,973
<b>Balance at 30 June 2011</b>		<b>722,426,641</b>	<b>722,426,641</b>
<b>2012</b>			
Surplus/(deficit) for the period		(2,091,370)	(2,091,370)
<b>Balance at 30 June 2012</b>		<b>720,335,271</b>	<b>720,335,271</b>

**NKANGALA DISTRICT MUNICIPALITY**  
**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30 JUNE 2012**

	Note	2012 R	2011 R
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>			
Cash receipts from ratepayers, government and other		321,932,318	322,132,998
Government grants received		294,224,000	280,238,624
Other		27,708,318	41,894,374
Cash paid to suppliers and employees		(354,899,939)	(279,216,646)
Salaries and re-imbursements		(48,221,170)	(40,989,863)
Suppliers		(303,237,854)	(214,439,583)
Other		(3,440,916)	(23,787,201)
Cash generated from/(utilised in) operations	24	(26,186,342)	42,916,352
Interest received		30,277,398	31,177,386
Interest paid		(5,973,380)	(6,632,339)
<b>NET CASH FROM OPERATING ACTIVITIES</b>		<b>(1,882,324)</b>	<b>67,461,398</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment		(7,019,729)	(12,772,302)
Decrease/(Increase) in non-current investments		(3,390,640)	(27,278,830)
<b>NET CASH FROM INVESTING ACTIVITIES</b>		<b>(10,410,368)</b>	<b>(40,051,133)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
New loans raised/(repaid)		(5,811,374)	(5,650,854)
<b>NET CASH FROM FINANCING ACTIVITIES</b>		<b>(5,811,374)</b>	<b>(5,650,854)</b>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>		<b>(18,104,066)</b>	<b>21,759,411</b>
Cash and cash equivalents at the beginning of the year		466,152,274	444,392,863
Cash and cash equivalents at the end of the period	25	448,048,208	466,152,274

## 1. ACCOUNTING POLICIES

### 1.1. **BASIS OF PREPARATION**

The municipality's annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

The financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practices (GRAP) including any interpretations, guidelines and directives issued by the accounting Standards Board:

A summary of the significant accounting policies are disclosed below.

These accounting policies are consistent with the previous year.

#### **1.1.1. Significant Judgments**

In preparing the municipality's annual financial statements, management is required to make estimates and assumptions that affect the amounts represented in the municipality's annual financial statements and related disclosures. Use of available information and the application of judgement are inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the municipality's annual financial statements. Significant judgements include:

- Fair value estimation

The carrying value less impairment provision of trade receivables and the carrying value of trade payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the municipality for similar financial instruments.

#### **1.1.2. Use of estimates**

The preparation of financial statements in conformity with Generally Recognised Accounting Practice requires the use of certain critical accounting estimates for provisions, impairments and the useful lives of Property, Plant and Equipment. It also requires management to exercise its judgement in the process of applying the municipality's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in the relevant sections of the financial statements. Although these estimates are based on management's best knowledge of current events and actions they may undertake in the future, actual results ultimately may differ from those estimates.

**1.2. PRESENTATION CURRENCY**

These annual financial statements are presented in South African Rand.

**1.3. GOING CONCERN ASSUMPTION**

These annual financial statements have been prepared on a going concern basis.

**1.4. COMPARATIVES INFORMATION**

Budgeted amounts have been included in the annual financial statements for the current financial year only.

**1.4.1. *Prior year comparatives***

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are reclassified. The nature and reason for the reclassification is disclosed.

**1.5. OFFSETTING**

Assets, liabilities, revenue and expenses have not been offset except when offsetting is required or permitted by a Standard of GRAP.

**1.6. PROPERTY, PLANT AND EQUIPMENT**

The cost of an item of property, plant and equipment is recognised as an asset when it is probable that the future economic benefits or service potential associated with the item will flow to the municipality and the cost of the item can be measured reliably.

Major spare parts and stand by equipment which are expected to be used for more than one period are included in property, plant and equipment. In addition, spare parts and stand by equipment which can only be used in connection with an item of property, plant and equipment are accounted for as property plant and equipment.

An item of property plant and equipment which qualifies for recognition as an asset shall initially be measured at cost.

Where an asset is acquired at no cost, or for a nominal cost, its cost is its fair value as at the date of acquisition.

The cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes and any directly attributable costs of bringing the asset to working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Directly attributable costs include the following:

- Cost of site preparation.
- Initial delivery and handling costs.

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

- Installation cost.
- Professional fees.
- Estimate cost of dismantling the asset and restoring the site to the extent that it is recognised as a provision.

Subsequently, property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. Land is not depreciated as it is deemed to have an indefinite life.

Subsequent expenditure is capitalised when the recognition and measurement criteria of an asset are met.

Depreciation is calculated on cost, using the straight-line method over the estimated useful lives of the assets. Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately. The annual depreciation rates are based on the following estimated asset lives:-

<b><u>DETAILS</u></b>	<b><u>YEARS</u></b>	<b><u>DETAILS</u></b>	<b><u>YEARS</u></b>
<b>Infrastructure</b>		<b>Other</b>	
<b>Electricity</b>		<b>Office Equipment</b>	
Supply & Reticulation	20	Computer Hardware	5 - 7
<b>Roads</b>		Computer Software	3
Roads	10	Office Machines	3 - 5
Bridges	30	Air Conditioners	5 - 7
<b>Sewerage</b>		<b>Furniture &amp; Fittings</b>	
Sewers	20	Chairs	7 - 10
<b>Water</b>		Tables/Desks	7 - 10
Supply & reticulation	20	Cabinets/Cupboards	7 - 10
Reservoirs & tanks	20	Miscellaneous	7 - 10
Pumps	15	<b>Emergency Equipment</b>	
		Fire	15
<b>Community Assets</b>		Ambulances	5
<b>Buildings</b>		Fire hoses	5
Clinics	30	Emergency Lights	5
Parks	30	<b>Plant &amp; Equipment</b>	
Community Centres	30	General	7
Fire Stations	30	Telecommunication equipment	5
		Radio	7
<b>Recreational Facilities</b>		Graders	10
Fire Breaks	20	Generator	7
		<b>Vehicles</b>	
<b>Other</b>		Fire Engines	20
<b>Buildings</b>	30	Motor Vehicles	7
Paving	20	Bakkies	7
Fencing	20	Trucks	10 - 15
		<b>Bins</b>	
		Bins	5-10

The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

The residual value, and the useful life and depreciation method of each asset are reviewed at the end of each reporting date. If the expectations differ from previous estimates, the change is accounted for as a change in accounting estimates.

Where items of property, plant and equipment have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

Items of property, plant and equipment are derecognised when the asset is disposed of or when no further economic benefit or service potential expected from the use of the asset.

#### **1.6.1. Impairment of assets**

The municipality assesses at each reporting date whether there is any indication that an asset may be impaired. If any such indication exists, the municipality estimates the recoverable amount of the asset.

##### **Impairment of cash generating assets**

Assets that are subject to impairment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recovered.

An impairment loss is recognised if the recoverable amount of an asset is less than its carrying amount. The impairment loss is recognised as an expense in the statement of financial performance immediately. The recoverable amount of the asset is the higher of the asset's fair value less cost to sell and its value in use.

The fair value represents the amount obtainable from the sale in an arm's length transaction between knowledgeable, willing parties.

The value in use of an asset represents the expected future cash flows, from continuing use and disposal that are discounted to their present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For an asset that does not generate cash inflows largely independent of those from other assets, the recoverable amount is determined for the cash-generating unit to which the assets belongs. A cash-generating unit is the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash flows from other assets or group of assets. An impairment loss is recognised whenever the recoverable amount of a cash-generating unit is less than its carrying amount.

The impairment loss is allocated to reduce the carrying amount of the asset. The carrying amount of individual assets are not reduced below the higher of its value in use, R1.00 or fair value less cost to sell.

A previously recognised impairment loss related to assets is reversed if there has been a change in the estimates used to determine the recoverable amount, however not to an amount higher than the



carrying amount that would have been determined had no impairment loss been recognised in prior periods.

After the recognition of an impairment loss, any depreciation charge for the asset is adjusted for future periods to allocate the assets' revised carrying amount on a systematic basis over its remaining useful life.

### **Impairment of non-cash generating assets**

Cash-generating assets are those assets held by the municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit orientated entity, it generates a commercial return.

Non-cash-generating are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

The municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, the municipality estimates the recoverable service amount of the asset.

Recoverable service amount is the higher of a non-cash-generating asset's fair value less costs to sell and its value in use.

Irrespective of whether there is any indication of impairment, the municipality also tests a non-cash-generating intangible asset with an indefinite useful life or a non-cash-generating intangible asset not yet available for use, for impairment annually by comparing its carrying amount with its recoverable service amount. This impairment test is performed at the same time every year. If an intangible asset was initially recognised during the current reporting period, that intangible asset should be tested for impairment before the end of the current reporting period.

Value in use of an asset is the present value of the asset's remaining service potential.

The present value of the remaining service potential of an asset is determined using the depreciated replacement cost approach: The present value of the remaining service potential of a non-cash-generating asset is determined as the depreciated replacement cost of the asset. The replacement cost of an asset is the cost to replace the asset's gross service potential. This cost is depreciated to reflect the asset in its used condition. An asset may be replaced either through reproduction (replication) of the existing asset or through replacement of its gross service potential. The depreciated replacement cost is measured as the reproduction or replacement cost of the asset, whichever is lower, less accumulated depreciation calculated on the basis of such cost, to reflect the already consumed or expired service potential of the asset.

The replacement cost and reproduction cost of an asset is determined on an "optimised" basis. The rationale is that the municipality would not replace or reproduce the asset with a like asset if the asset to be replaced or reproduced is an oversized or overcapacity asset. Oversized assets contain features which are unnecessary for the goods or services the asset provides. Overcapacity assets are assets that have a greater capacity than is necessary to meet the demand for goods or services the asset provides. The determination of the replacement cost or reproduction cost of an asset on an optimised basis thus reflects the service potential required of the asset.

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss.

An impairment loss is recognised immediately in surplus or deficit.

After the recognition of an impairment loss, the depreciation (amortisation) charge for the non-cash-generating is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

The municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating may no longer exist or may have decreased. If any such indication exists, the municipality estimates the recoverable service amount of that asset.

An impairment loss recognised in prior periods for a non-cash-generating asset is reversed if there has been a change in the estimates used to determine the asset's recoverable service amount since the last impairment loss was recognised. The carrying amount of the asset is increased to its recoverable service amount. The increase is a reversal of an impairment loss. The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined (net of depreciation or amortisation) had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss for a non-cash-generating is recognised immediately in surplus or deficit.

After a reversal of an impairment loss is recognised, the depreciation (amortisation) charge for the non-cash-generating asset is adjusted in future periods to allocate the non-cash-generating asset's revised carrying amount, less its residual value (if any), on a systematic basis over its remaining useful life.

## **1.7. FINANCIAL INSTRUMENTS**

There are four categories of financial assets: fair value through surplus or deficit (which includes held for trading and those designated), loans and receivables, held-to-maturity and available for sale. All financial assets that are within the scope of IAS 39 are classified into one of the four categories.

There are two categories of financial liabilities: fair value through surplus or deficit (which includes held for trading and those designated) and financial liabilities at amortised cost.

Financial instruments include cash and bank balance, investments, trade receivables and long term liabilities and creditors. The municipality classifies its financial assets as loans and receivables or held to maturity and its liabilities as at amortised cost.

Where financial assets have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified.

### **1.7.1. Financial Assets:**

#### **1.7.1.1. Loans and receivables:**

Loans and receivables are non-derivative financial assets with fixed or determinable payments. They are included in current assets, except for maturities greater than 12 months, which are classified as non-current assets.

Loans and receivables are recognised initially at fair value plus transaction cost. After initial recognition they are measured at amortised cost using the effective interest rate method, less provision for impairment.

#### **1.7.1.2. Accounts Receivable**

Other receivables are recognised initially at fair value plus transaction cost and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment is established when there is objective evidence that the municipality will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor and default or delinquency in payments are considered indicators that the trade receivables are impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. The reversal does not result in a carrying amount of the financial asset that exceeds what the amortised would have been had the impairment not been recognised at the date of the impairment reversed. The amount of the reversal is recognised in surplus or deficit.

#### **1.7.1.3. Investments held-to-maturity**

Investments are recognised initially at fair value plus transaction cost. After initial recognition they are measured at amortised cost calculated using the effective interest method, less provision for impairment.

### **1.7.2. Long-term liabilities**

Financial liabilities are recognised initially at fair value plus transaction cost. After initial recognition financial liabilities are measured at amortised cost using the effective interest rate method.

#### **1.7.2.1. Trade Creditors**

Trade creditors are recognised initially at fair value plus transaction cost and subsequently measured at amortised cost using the effective interest method.

#### **1.7.2.2. Retention**

Retention is recognised initially at fair value plus transaction cost and subsequently measured at amortised cost using the effective interest method.

#### **1.7.3. Gains and losses**

Gains and losses arising from changes in financial assets or financial liabilities at amortised cost are recognised in surplus or deficit when the financial asset or liability is derecognised or impaired or through the amortisation process

#### **1.7.4. Bank balances and cash**

Bank balances and cash are recognised initially at fair value plus transaction cost. After initial recognition they are measured at amortised cost using the effective interest rate method.

#### **1.7.5. De-recognition**

##### **1.7.5.1. Financial assets**

The municipality derecognises a financial asset only when:

- The contractual rights to the cash flows from the financial asset expire, are settled or waived;
- The municipality transfers to another party substantially all of the risks and rewards of ownership or the financial asset; or
- The municipality, despite having retained some significant risks and rewards of ownership of the financial asset, has transferred control of the asset to another party and the another party has the practical ability to sell the asset in its entirety to an unrelated third party, and is able to exercise that ability unilaterally and without needing to impose additional restrictions on the transfer. In this case, the municipality:
  - Derecognises the asset; and
  - recognises separately any right and obligation created or retained in the transfer.

The carrying amounts of the transferred asset are allocated between the rights or obligations retained and those transferred on the basis of their relative fair values at the transfer date. Newly created rights and obligations are measured at their fair value at that date. Any difference between the consideration received and the amounts recognised and derecognised in surplus or deficit in the period of the transfer.

On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received in recognised in surplus or deficit.

##### **1.7.5.2. Financial liabilities**

The municipality removes a financial liability (or part of a financial liability) from its statement of financial position when it is extinguished – i.e. when the obligation specified in the contract is discharged, cancelled, expires or waived.

An exchange between an existing borrower and lender or debt instruments with substantially different terms is accounted for as having extinguished the original financial liability and a new financial liability is recognised. Similarly, a substantial modification of the terms of an existing financial liability or a part

of it is accounted for as having extinguished the original financial liability and having recognised a new financial liability.

The difference between the carrying amount or the financial liability (or part of the financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in surplus or deficit.

## **1.8. REVENUE RECOGNITION**

Revenue shall be measured at the fair value of the consideration received or receivable. No settlement discount is applicable.

### **1.8.1. Rental of facilities:**

Rental of facilities shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably

### **1.8.2. Government Grants:**

Government Grants can be in the form of grants to acquire or construct fixed assets (capital grants), grants for the furtherance of national and provincial government policy objectives and general grants to subsidise the cost incurred by municipalities rendering services. Capital grants and general grants for the furtherance of government policy objectives are usually restricted revenue in that stipulations are imposed in their use.

Government grants are recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably, and
- To the extent that there has been compliance with any restrictions associated with the grant

### **1.8.3. Other grants and donations received:**

Other grants and donations shall be recognised as revenue when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably, and
- To the extent that there has been compliance with any restrictions associated with the grant

**1.8.4. Interest:**

Revenue arising from the use of assets by others of the municipal assets yielding interest shall be recognised when:

- It is probable that the economic benefits or service potential associated with the transaction will flow to the municipality, and
- The amount of the revenue can be measured reliably

Interest shall be recognised on a time proportionate basis that takes into account the effective yield on the asset.

**1.8.5. Revenue from agency services:**

Revenue from agency services is recognised on a monthly basis once the income collected on behalf of agents has been quantified. The revenue recognised is in terms of the agency agreement.

**1.8.6. Other Revenue:**

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

All other revenue is recognised at fair value as and when they happen.

**1.9. PROVISIONS**

Provisions are recognised when the Municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. Non-current provisions are discounted to the present value using a discount rate based on the average cost of borrowing to the Municipality.

**1.10. CASH AND CASH EQUIVALENTS**

Cash includes cash on hand and cash with banks. Cash equivalents are short-term highly liquid investments that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value.

**1.11. RETIREMENT BENEFITS**

**1.11.1. Defined contribution plans:**

Obligations for contributions to defined contribution plans are recognised as an expense in the statement of financial performance as incurred.

Contributions to the defined contribution pension plan in respect of service in a particular period are included in the employees' total cost of employment and are charged to the statement of financial performance in the year to which they relate as part of cost of employment.

**1.11.2. Defined benefit plans:**

**1.11.2.1. *Post employment medical care benefits:***

The municipality provides post employment medical care benefits to its employees and their legitimate spouses. The entitlement to post –retirement medical benefits is based on employee remaining in service up to retirement age and the completion of a minimum service period. The expected cost, of these benefits is accrued over the period of employment.

Actuarial gains and losses arising from experience adjustments are debited or credited to Statement of Financial Performance in the period in which it occurs. Valuations of these obligations are carried out annually by management.

**1.12. BORROWING COSTS**

Borrowing costs are recognised as an expense in the Statement of Financial Performance. Borrowing costs that relate to the acquisition/purchase of Property, Plant and Equipment that meet the definition of a qualifying asset, is capitalised to the cost of the item of Property, Plant and Equipment.

**1.13. EVENTS AFTER REPORTING DATE**

Recognised amounts in the financial statements are adjusted to reflect events arising after the reporting date that provide evidence of conditions that existed at the reporting date. Events after the reporting date that are indicative of conditions that arose after the reporting date are dealt with by way of a note to the financial statements

**1.14. LEASES:**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all of the risk and rewards of ownership to the lessee.

Assets held under finance leases are initially recognised as assets of the Municipality at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly to surplus or deficit. Contingent rentals are recognised as expenses in the periods in which they are incurred.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefit of incentives is recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

**1.15. INVENTORY:**

The municipality constructs infrastructure projects, which will subsequently be transferred to local municipalities in its area of jurisdiction at no cost when the project is completed. Projects still in progress and not yet completed is disclosed as inventory.

**1.16. VALUE ADDED TAX:**

The Municipality accounts for Value-Added-Tax on the payment basis

**1.17. UNAUTHORISED EXPENDITURE**

Unauthorised expenditure is expenditure that has not been budgeted for, expenditure that is not in terms of the conditions of an allocation received from another sphere of government or organ of state.

Unauthorised expenditure is accounted for as an expense in the statement of Financial Performance, and where recovered it is subsequently accounted for as revenue in the statement of financial performance.

**1.18. IRREGULAR EXPENDITURE**

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act no. 56 of 2003), the Municipal Systems Act (Act No. 32 of 2000), and the public Office Bearers Act, Act No. 20 of 1988), or is in contravention of the municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of the Financial Performance, and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

**1.19. FRUITLESS AND WASTEFUL EXPENDITURE**

Fruitless and wasteful expenditure is expenditure that was made in vain, and would have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance, and where recovered; it is subsequently accounted for as revenue in the Statement of Financial Performance.



## **1.20. CONTINGENCIES**

### **1.20.1. CONTINGENT ASSETS**

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality.

Contingent assets are not recognised as assets but are disclosed in note to the financial statements.

### **1.20.2. CONTINGENT LIABILITIES**

A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the municipality or a present obligation that arises from past events but is not recognised because it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or the amount of the obligation cannot be measured with sufficient reliability.

Contingent liabilities are not recognised as liabilities but are disclosed in note to the financial statements.

## **1.21. COMMITMENTS**

Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources. Commitments are not recognised in the statement of financial position as a liability, but are included in the disclosure notes in the following cases:

- approved and contracted commitments;
- where the expenditure has been approved and the contract has been awarded at the reporting date;
- where disclosure is required by a specific standard of GRAP.

## **1.22. RELATED PARTIES**

The municipality operates in an economic sector currently dominated by entities directly or indirectly owned by the South African Government. As a consequence of the constitutional independence of the three spheres of government in South Africa, only entities within the local sphere of government are considered to be related parties.

Management are those persons responsible for planning, directing and controlling the activities of the municipality, including those charged with the governance of the municipality in accordance with legislation, in instances where they are required to perform such functions.

**NKANGALA DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

Close members of the family of a person are considered to be those family members who may be expected to influence, or be influenced by, that management in their dealings with the municipality.

Only transactions with related parties not at arm's length or not in the ordinary course of business are disclosed.

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**2 LONG-TERM LIABILITIES**

	Balance at 2011/06/30 R	Received during the period R	Redeemed or written off during the period R	Balance at 2012/06/30 R	Less short term portion R	Long term portion R
<b>Annuity loans</b>	<b>51,285,439</b>	<b>-</b>	<b>5,296,556</b>	<b>45,988,883</b>	<b>6,167,369</b>	<b>39,821,513</b>
DBSA: 1996@ 6 months JIBAR plus 2%. Redeemable at 30/9/2019	26,995,193	-	3,173,961	23,821,232	3,768,290	20,052,942
INCA: 2004 @ 12.28% p.a. Redeemable at 30/12/2018	24,290,246	-	2,122,595	22,167,651	2,399,080	19,768,571
<b>Lease liabilities</b>	<b>1,000,053</b>	<b>223,992</b>	<b>738,810</b>	<b>485,235</b>	<b>400,554</b>	<b>84,681</b>
Gestetner Finance (Gestetner MPC 300AD) Redeemable at 31/08/2012	21,520	-	18,236	3,284	3,284	-
Gestetner Finance (Gestetner MP 1350) Redeemable at 31/08/2012	416,486	-	352,920	63,565	63,565	-
Gestetner colour digital MPC 3300 AD Redeemable at 25/03/2013	85,044	-	45,776	39,268	39,268	-
Gestetner colour digital MPC2800AD Redeemable at 25/03/2013	72,076	-	38,796	33,280	33,280	-
Gestetner Digital MFP PRO1357EX Redeemable at 25/03/2013	329,224	-	177,210	152,014	152,014	-
Gestetner mono digital MP4000CSP Redeemable at 25/03/2013	75,703	-	40,748	34,955	34,955	-
Ricoh Digital copier/printer PRO1357EX Redeemable at 04/0/2014	-	111,996	31,084	80,911	36,955	43,957
Gestetner MPC3501ARDF Redeemable at 02/07/2014	-	111,996	34,039	77,957	37,232	40,725
<b>Total external loans</b>	<b>52,285,492</b>	<b>223,992</b>	<b>6,035,366</b>	<b>46,474,118</b>	<b>6,567,923</b>	<b>39,906,195</b>

**Reconcilliation of minimum lease payments**

Not later than one year	400,554	673,686
Later than one year but not later than five years	121,967	447,488
	<b>522,521</b>	<b>1,121,174</b>
Future finance charges on finance leases	37,286	121,122
Present value of finance lease liabilities	<b>485,235</b>	<b>1,000,053</b>

**The present value of finance lease liabilities may be analysed as follows:**

No later than one year	400,554	673,686
Later than one year but not later than five years	84,681	326,367
	<b>485,235</b>	<b>1,000,053</b>

Refer to Appendix A for more detail on long-term liabilities.

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**3 NON-CURRENT PROVISIONS** **2012** **2011**

Post employment medical aid benefit	7,127,905	6,840,859
<b>Total non-current provisions</b>	<b>7,127,905</b>	<b>6,840,859</b>

The post employment medical aid benefit are provided for ex retired employees and their legitimate spouses and is paid monthly. It is a defined benefit and the entitlement to post-retirement medical benefits is based on employees remaining in service up to retirement age and the completion of a minimum service period. The provision is an estimate of the liability based on historical staff turnover and life expectancy of the relevant people and is discounted by using the inflation rate at the reporting date.

The movement in the non-current provision is reconciled as follows: -

Balance at beginning of year	6,840,859	5,085,029
Contributions to provision	359,171	1,881,170
Transfer to current provisions	(72,125)	(125,340)
<b>Balance at end of year</b>	<b>7,127,905</b>	<b>6,840,859</b>

**4 RETENTIONS** **2012** **2011**

Retention	25,370,163	23,666,699
<b>Total retention</b>	<b>25,370,163</b>	<b>23,666,699</b>

**5 PROVISIONS** **2012** **2011**

Performance bonus	5,330,848	3,547,555
Post employment medical aid benefit	103,095	115,576
<b>Total Provisions</b>	<b>5,433,943</b>	<b>3,663,131</b>

Performance bonuses are paid in arrear and accrued on the basis that conditions have been met and there is no indication that performance bonuses will not be paid.

The movement in current provisions are reconciled as follows: -

<u>Performance Bonus</u>	<b>2012</b>	<b>2011</b>
Balance at beginning of year	3,547,555	1,532,451
Transfer from non-current		
Contributions to provision	1,783,292	2,326,927
Expenditure incurred		(311,823)
<b>Balance at end of year</b>	<b>5,330,848</b>	<b>3,547,555</b>

Post employment medical aid benefit **2012** **2011**

Balance at beginning of year	115,576	64,414
Contributions to provision	72,125	125,340
Expenditure incurred	(84,606)	(74,178)
<b>Balance at end of year</b>	<b>103,095</b>	<b>115,576</b>

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

<b>6 CREDITORS</b>	<b>2012</b>	<b>2011</b>
Trade creditors	22,646,513	33,720,563
Credit card at ABSA Bank	-	3,005
Fleet card at ABSA Bank	73,543	68,837
Rental deposit	26,578	23,978
Leave	2,843,601	2,733,923
Other creditors	420	134,068
	<u>25,590,656</u>	<u>36,684,374</u>

<b>7 UNSPENT CONDITIONAL GRANTS AND RECEIPTS</b>	<b>2012</b>	<b>2011</b>
<i>Conditional grants from other spheres of government</i>	-	460,832
Transport	<u>-</u>	<u>460,832</u>
<i>Other conditional receipts</i>	-	226,864
DBSA	<u>-</u>	<u>226,864</u>
<b>Total conditional grants and receipts</b>	<u>-</u>	<u>687,696</u>

See Note 15 for reconciliation of grants from other spheres of government.

These amounts are invested in a ring-fenced investment until utilized.

<b>8 VAT</b>	<b>2012</b>	<b>2011</b>
VAT (payable)/ receivable	<u>19,021,830</u>	<u>13,394,298</u>

VAT is payable on the receipts basis. Only once payment is received from debtors VAT is paid over to SARS.

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**9 PROPERTY, PLANT AND EQUIPMENT**

30-Jun-12

Reconciliation of carrying	<u>Land and Buildings</u>	<u>Infra-structure</u>	<u>Community</u>	<u>Other</u>	<u>Leased</u>	<u>Total</u>
	R	R	R	R	R	R
<b>Carrying values at 1 July 2011</b>	<b>61,792,635</b>	<b>3,348,162</b>	<b>64,900</b>	<b>20,267,937</b>	<b>858,144</b>	<b>86,331,777</b>
Land at cost	300,000					300,000
Buildings at cost	58,065,407	3,528,874	9,125,120	40,605,594	2,439,283	113,764,279
Capital under construction	4,846,263	-	-	-	-	4,846,263
Transfer in / (Transfer out) Cost	9,047,901		(9,047,901)			-
<b>Cost values after transfer</b>	<b>72,259,571</b>	<b>3,528,874</b>	<b>77,219</b>	<b>40,605,594</b>	<b>2,439,283</b>	<b>118,910,542</b>
Transfer in / (Transfer out)						
Accumulated depreciation	(132,844)		132,844			-
Accumulated depreciation	(10,334,092)	(180,712)	(145,163)	(20,337,658)	(1,581,139)	(32,578,764)
<b>Accumulated Depreciation</b>	<b>(10,466,936)</b>	<b>(180,712)</b>	<b>(12,319)</b>	<b>(20,337,658)</b>	<b>(1,581,139)</b>	<b>(32,578,764)</b>
<b>Carrying values at 1 July 2011 after transfer</b>	<b>61,792,635</b>	<b>3,348,162</b>	<b>64,900</b>	<b>20,267,937</b>	<b>858,144</b>	<b>86,331,777</b>
Acquisitions	-	-	66,111	6,509,855	223,992	6,799,958
Capital under construction	219,771		-			219,771
Depreciation	(2,265,452)	(352,887)	(10,591)	(4,267,541)	(660,399)	(7,556,871)
<b>Carrying values at 30 June 2012</b>	<b>59,746,954</b>	<b>2,995,275</b>	<b>120,420</b>	<b>22,510,250</b>	<b>421,736</b>	<b>85,794,635</b>
Land at cost	300,000					300,000
Buildings at cost	67,113,308	3,528,875	143,330	47,115,450	2,663,275	120,564,236
Capital under construction	5,066,034	-	-	-	-	5,066,034
Accumulated depreciation	(12,732,388)	(533,599)	(22,910)	(24,605,199)	(2,241,539)	(40,135,635)

30-Jun-11

Reconciliation of carrying value	<u>Land and Buildings</u>	<u>Infra-structure</u>	<u>Community</u>	<u>Other</u>	<u>Leased Assets</u>	<u>Total</u>
	R	R	R	R	R	R
<b>Carrying values at 1 July 2010</b>	<b>58,014,598</b>	<b>1,034,333</b>	<b>26,576</b>	<b>19,656,062</b>	<b>1,446,990</b>	<b>80,178,560</b>
Land at cost	300,000					300,000
Buildings at cost	58,065,407	1,070,000	32,145	36,190,007	2,439,283	98,096,841
Capital under construction	8,041,398	-	-	-	-	8,041,398
Accumulated depreciation	(8,392,207)	(35,667)	(5,568)	(16,533,944)	(992,293)	(25,959,679)
Acquisitions		-	45,074	4,247,421		4,292,495
Completed capital under cons	(11,674,942)	2,458,874	9,047,901	168,167		(0)
Capital under construction	8,479,807		-			8,479,807
Depreciation	(1,941,885)	(145,046)	(139,595)	(3,803,713)	(588,846)	(6,619,085)
<b>Carrying values at 30 June 2011</b>	<b>52,877,578</b>	<b>3,348,162</b>	<b>8,979,957</b>	<b>20,267,937</b>	<b>858,144</b>	<b>86,331,777</b>
Land at cost	300,000					300,000
Buildings at cost	58,065,407	3,528,874	9,125,120	40,605,594	2,439,283	113,764,279
Capital under construction	4,846,263	-	-	-	-	4,846,263
Accumulated depreciation	(10,334,092)	(180,712)	(145,163)	(20,337,658)	(1,581,139)	(32,578,764)

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b>10 INVESTMENTS</b>		
Balance at the beginning of the financial year	35,463,986	8,185,156
Invested and / or accrued interest	3,390,640	27,278,830
Withdrawn		
<b>Balance at the end of the financial year</b>	<b>38,854,626</b>	<b>35,463,986</b>

**Financial Instruments**

Long term investments - at cost	10,229,023	9,109,374
Long term investments - at cost	28,625,602	26,354,612
	<b>38,854,626</b>	<b>35,463,986</b>

	2012	2011	2012 Guaranteed Value	2011 Guaranteed Value
Promisary note - Investec	R 10,229,023	R 9,109,374	R 11,414,148	R 11,414,148
Promisary note - Investec	R 28,625,602	R 26,354,612	R 37,218,084	R 37,218,084
<b>Total</b>	<b>R 38,854,626</b>	<b>R 35,463,986</b>	<b>R 48,632,232</b>	<b>R 48,632,232</b>

**Guaranteed Value**

The guaranteed value of the investments amounts to:	<b>R 48,632,232</b>	<b>R 48,632,232</b>
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	2012	2011
<b>11 INVENTORY</b>		
Projects - Work in progress	238,473,604	244,582,712
<b>Total Inventory</b>	<b>238,473,604</b>	<b>244,582,712</b>

**11.1 Work in progress**

Balance at the beginning of the year	244,582,712	188,211,281
Expenditure during the year	242,747,470	232,145,949
Less completed and transferred to local municipalities as per note 20	248,856,578	175,774,518
<b>Balance at the end of the year</b>	<b>238,473,604</b>	<b>244,582,712</b>

**12 OTHER DEBTORS**

	Gross Balances R	Provision for Bad Debts R	Net Balance R
<b>As at 30 June 2012</b>			
Sundry debtors			
Other	156,863	(17,710)	139,153
<b>Total</b>	<b>156,863</b>	<b>(17,710)</b>	<b>139,153</b>
<b>As at 30 June 2011</b>			
Sundry debtors			
Other	329,845	-	329,845
<b>Total</b>	<b>329,845</b>	<b>-</b>	<b>329,845</b>

	2012 R	2011 R
<b>Other : Ageing</b>		
Current (0 – 30 days)	37,027	31,913
31 - 60 Days	28,098	29,087
61 - 90 Days	32,371	19,144
91 - 120 Days	14,656	15,359
+ 120 Days	44,712	234,343
Provision for Bad Debts	(17,710)	-
<b>Total</b>	<b>139,153</b>	<b>329,845</b>

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

	2012 R	2011 R
<b><u>Reconciliation of the bad debt provision</u></b>		
Balance at beginning of the year	-	-
Contributions to provision	17,710	5,960
Bad debts written off against provision	-	(5,960)
Reversal of provision	-	-
Balance at end of year	<u>17,710</u>	<u>-</u>
Sundry Debtors as above	139,153	329,845
<b>Total Other Debtors</b>	<u>139,153</u>	<u>329,845</u>
<b>13 CALL INVESTMENT DEPOSITS</b>	<b>2012</b>	<b>2011</b>
<b>Balance at the beginning of the financial year</b>	<b>453,327,229</b>	<b>425,475,241</b>
Invested and / or accrued interest	207,917,817	277,382,007
Withdrawn	<u>224,179,962</u>	<u>249,530,019</u>
<b>Balance at the end of the financial year</b>	<b><u>437,065,084</u></b>	<b><u>453,327,229</u></b>
ABSA	60,016,448	73,095,381
Nedbank	42,017,808	33,274,796
FNB	76,602,633	75,834,801
Standard Bank	131,430,047	119,304,206
Sanlam	64,992,852	61,467,023
Investec	60,327,195	89,200,499
Accrued Interest	1,678,102	1,150,523
<b>Total</b>	<u><b>437,065,084</b></u>	<u><b>453,327,229</b></u>
See annexure G for more detail on investments		
<b>14 BANK AND CASH BALANCES</b>		
The Municipality has the following bank accounts: -		
<b><u>Current Account (Primary Bank Account)</u></b>		
ABSA Bank Limited: Account number 1040161836		
Cash book balance at beginning of year (including petty cash balance of R5200.00)	<u>12,825,045</u>	<u>18,917,622</u>
Cash book balance at end of year (including petty cash balance of R5200.00)	<u>10,983,124</u>	<u>12,825,045</u>
Bank statement balance at beginning of year	<u>18,855,558</u>	<u>26,167,270</u>
Bank statement balance at end of period	<u>17,514,965</u>	<u>18,855,558</u>
<b>15 GOVERNMENT GRANTS AND SUBSIDIES</b>	<b>2012</b>	<b>2011</b>
Equitable share	19,468,000	16,858,000
RSC Levy replacement grant	272,506,000	265,446,495
MSIG	1,000,000	750,000
Transport	460,832	8,526
FMG	1,250,000	1,000,000
EPWP Incentive	-	596,000
<b>Total government grant and subsidies</b>	<u><b>294,684,832</b></u>	<u><b>284,659,021</b></u>



**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**15.1 Equitable share**

In terms of the Constitution, this grant is used to subsidise the provision of basic services to indigent community members.

**15.2 RSC levy replacement grant**

In terms of the Division of Revenue Act this grant is used to subsidise the replacement of the RSC Levies that were abolished from 1 July 2006

<b>15.3 MSIG grant</b>	<b>2012</b>	<b>2011</b>
Balance unspent at beginning of year	-	-
Current year receipts	1,000,000	750,000
Conditions met - transferred to revenue	1,000,000	750,000
Conditions still to be met - transferred to liabilities (see note 6)	-	-

**Department:** Planning and Development  
The municipal systems improvement grant under the vote of the Department of Provincial and Local Government focuses on stabilising municipal and governance systems, planning and implementation management support centres, reviewing integrated development plans and

**Purpose of grant:** implementing the Municipal Systems Act (2000).  
All conditions of the grant has been met and the grant was never withheld

<b>15.4 Transport grant</b>	<b>2012</b>	<b>2011</b>
Balance unspent at beginning of year	460,832	469,358
Current year receipts	-	-
Conditions met - transferred to revenue	460,832	8,526
Conditions still to be met - transferred to liabilities (see note 6)	-	460,832

**Department:** Planning and Development  
**Purpose of grant:** This grant is to counter fund the integrated transport plan for the District.  
All conditions of the grant has been met and the grant was never withheld

<b>15.5 Finance management grant</b>	<b>2012</b>	<b>2011</b>
Balance unspent at beginning of year	-	-
Current year receipts	1,250,000	1,000,000
Conditions met - transferred to revenue	1,250,000	1,000,000
Conditions still to be met - transferred to liabilities (see note 6)	-	-

**Department:** Finance  
To promote and support reforms in financial management by building the capacity in municipalities to implement the Municipal

**Purpose of grant:** Finance Management Act (MFMA)  
All conditions of the grant has been met and the grant was never withheld

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

<b>15.6 EPWP Intensive grant</b>	<b>2012</b>	<b>2011</b>
Balance unspent at beginning of year	-	-
Current year receipts	-	596,000
Conditions met - transferred to revenue	-	596,000
Conditions met still to be refunded to the municipality- transferred to current	-	-

**Department:** Planning & Development

**Purpose of grant:** The grant is intended to:  
- Assist in EPWP

All conditions of the grant has been met and the municipality still needs to be

Based on the allocations set out in the Division of Revenue Act, (Act ... of 2006), no significant changes in the level of government grant funding are expected over the forthcoming 3 financial years.

<b>15.7 DBSA grant</b>	<b>2012</b>	<b>2011</b>
Balance unspent at beginning of year	226,864	339,466
Current year receipts	-	-
Conditions met - transferred to revenue	226,864	112,602
Conditions still to be met - transferred to liabilities (see note 7)	-	226,864

**Department:** Social Services

**Purpose of grant:** This grant was to draw up and Integrated Municipal Environmental Plan (IMEP).

All conditions of the grant has been met and the grant was never withheld

<b>16 OTHER REVENUE</b>	<b>2012</b>	<b>2011</b>
Sundry income	2,282,095	3,303,526
Discount received	2,425,390	2,616,116
<b>Total Other Income</b>	<b>4,707,485</b>	<b>5,919,642</b>

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

17 EMPLOYEE RELATED COSTS	2012	2011
Employee related costs - Salaries and wages	27,628,331	22,190,827
Employee related costs - Contributions for UIF, pensions and medical aids	5,180,719	4,498,689
Contribution to post- retirement benefit	359,171	1,881,170
Travel, motor car, other allowances	2,206,136	2,053,602
Housing benefits and allowances	70,445	79,419
Overtime payments	386,268	1,184,395
Performance bonus	1,783,292	2,326,927
Long-service awards/ Leave encashment	616,956	1,341,095
<b>Total employee related costs</b>	<b>38,231,320</b>	<b>35,556,126</b>

There were no advances to employees.

<i>Remuneration of the Municipal Manager</i>	2012	2011
Annual remuneration	1,331,262	1,074,479
Performance bonuses	-	-
Car allowance	220,000	220,000
Contributions to UIF, medical and pension funds	90,019	86,881
<b>Total</b>	<b>1,641,281</b>	<b>1,381,360</b>

*Remuneration of the Acting Chief Finance Officer and Chief Finance Officer*

Annual remuneration	801,073	676,362
Car allowance	100,000	84,000
Contributions to UIF, medical and pension funds	142,919	121,700
<b>Total</b>	<b>1,043,992</b>	<b>882,062</b>

*Remuneration of Individual Executive Directors*

	<u>Technical Services</u>	<u>Corporate Services</u>	<u>Social Services</u>
	R	R	R
<b>30-Jun-12</b>			
Annual remuneration	948,325	827,225	670,448
Acting allowance	189,830		
Car allowance	108,000	108,000	180,000
Contributions to UIF, medical and pension funds	13,792	10,629	86,820
<b>Total</b>	<b>1,259,947</b>	<b>945,854</b>	<b>937,268</b>
<b>30-Jun-11</b>			
Annual remuneration	731,593	640,836	545,510
Car allowance	108,000	162,000	180,000
Contributions to UIF, medical and pension funds	10,420	9,183	66,342
<b>Total</b>	<b>850,014</b>	<b>812,019</b>	<b>791,853</b>

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

<b>18 REMUNERATION OF COUNCILLORS</b>	<b>2012</b>	<b>2011</b>
Executive Mayor	678,846	620,235
Chief Whip	514,777	472,940
Speaker	553,460	501,843
Executive Committee		
Members	3,164,611	2,013,698
Councillors	4,170,044	4,022,913
Councillors' pension contribution	959,154	692,105
Councillors' medical contribution and other contributions	213,805	265,537
<b>Total Councillors' remuneration</b>	<b>10,254,697</b>	<b>8,589,272</b>

***In-kind Benefits***

The Executive Mayor, Council Whip, Speaker and Mayoral Committee Members are full-time. Each is provided with an office and secretarial support at the cost of the Council.

The Executive Mayor has use of a council owned vehicle for official duties.

One councillor has resigned but the notice thereof were received late. The councillor was overpaid with R7080.89. The councillor was requested to refund the said amount and the amount is included in the debtors amount in note 12.

<b>19 INTEREST PAID</b>	<b>2012</b>	<b>2011</b>
Long-term liabilities	5,853,646	6,439,587
Finance leases	119,734	192,752
<b>Total interest on external borrowings</b>	<b>5,973,380</b>	<b>6,632,339</b>

**20 GRANTS AND SUBSIDIES PAID**

The District Municipality funds infrastructure projects to local municipalities within its jurisdiction, which includes water, sanitation, township establishment, etc.

<b>Grants paid to local municipalities out of own revenue</b>	<b>2012</b>	<b>2011</b>
General	20,134,486	17,763,231
Victor Khanye	37,771,235	12,200,495
Dr JS Moroka	46,229,604	48,053,034
Emalahleni	61,597,537	37,110,131
Steve Tshwete	30,749,556	24,776,871
Emakhazeni	17,926,104	11,267,306
Thembisile	33,760,360	24,490,848
<b>Total grants and subsidies out of own revenue</b>	<b>248,168,882</b>	<b>175,661,916</b>
<b>Grant paid to local municipalities out of implementing agents funds</b>		
General	460,832	-
Thembisile	226,864	112,602
<b>Total grants and subsidies out of implementing agent funds</b>	<b>687,696</b>	<b>112,602</b>
	<b>248,856,578</b>	<b>175,774,518</b>

The cost disclosed as general is cost of projects done by the municipality on project management and related issues but which are not allocated to a specific local municipality.

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

<b>21 COMMITMENTS</b>	<b>2012</b>	<b>2011</b>
<b>Contracted and approved projects to be completed</b>		
Regional		
General	40,823,691	24,755,358
Victor Khanye	40,662,988	30,449,412
Dr J S Moroka	4,009,397	22,938,961
Emalahleni	13,920,254	93,799,550
Steve Tshwete	71,866,744	52,031,716
Emakhazeni	31,482,995	34,009,593
Thembisile Hani	25,519,082	66,780,085
Other	47,652,145	29,499,626
	<u>275,937,296</u>	<u>354,264,300</u>

The District Municipality entered into contracts with services providers to constructs projects, which will subsequently be transferred to local municipalities.

<b>22 GENERAL EXPENSES</b>	<b>2012</b>	<b>2011</b>
Other	18,271,894	12,785,539
Audit fees	1,756,712	2,333,016
Telecommunications	1,784,604	1,375,242
Travel & accommodation	2,130,589	1,455,364
Tourism	501,358	733,657
Fire fighting	647,714	3,799,829
Municipal planning	4,548,126	3,361,829
Roads Thembisile Municipality	7,968,658	5,094,071
Less debited elsewhere	(18,343,778)	(17,218,132)
	<u>19,265,878</u>	<u>13,720,415</u>

**23 CHANGE IN ACCOUNTING POLICY**

**23.1 Change in the accounting treatment -Reclassification of interest paid**

**2012** **2011**

In previous financial years the interest paid in terms of the DBSA loan was classified as grants and subsidies paid to local municipalities as the loan was specifically taken up to fund projects done for local municipalities. Subsequently to the implementation of GRAP it should rather be classified as interest paid.

**23.1.1 Grants and subsidies paid to local municipalities**

Balance previous reported	179,054,136
Less interest paid amount	3,279,618
<b>Restated amount after the change</b>	<u><b>175,774,518</b></u>

**23.1.2 Interest paid**

Balance previous reported	3,352,722
Correction made	3,279,618
<b>Restated balance after the change</b>	<u><b>6,632,339</b></u>

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

<b>24 CASH GENERATED BY OPERATIONS</b>	<b>2012</b>	<b>2011</b>
Surplus/(deficit) for the year	(2,091,370)	72,865,948
Adjustment for:-		
Depreciation	7,556,871	6,619,085
Contribution to provisions - non-current	287,046	1,755,830
Contribution to provisions – current	1,770,811	2,066,267
Interest paid	5,973,380	6,632,339
Investment income	(30,277,398)	(31,177,386)
<b>Operating surplus before working capital changes:</b>	<b>(16,780,659)</b>	<b>58,762,083</b>
(Increase) /Decrease in inventories	6,109,108	(56,371,431)
(Increase)/decrease in debtors	190,692	(138,719)
Increase / (Decrease) in creditors, retentions and unspent conditional grants	(10,077,950)	26,225,704
(Increase) / Decrease in VAT	(5,627,532)	14,438,715
<b>Cash generated by/(utilised in) operations</b>	<b>(26,186,342)</b>	<b>42,916,352</b>

<b>25 CASH AND CASH EQUIVALENTS</b>	<b>2012</b>	<b>2011</b>
Cash and cash equivalents included in the cash flow statement comprise the following statement of amounts indicating financial position :		
Bank balances and cash	10,983,124	12,825,045
Call investment deposits	437,065,084	453,327,229
<b>Total cash and cash equivalents</b>	<b>448,048,208</b>	<b>466,152,274</b>

<b>26 UTILISATION OF LONG-TERM LIABILITIES RECONCILIATION</b>	<b>2012</b>	<b>2011</b>
Long-term liabilities (see Note 1)	45,988,883	51,285,439
Used to finance property, plant and equipment – at cost	45,988,883	51,285,439
Sub- total	-	-
Cash set aside for the repayment of long-term liabilities	6,600,000	10,909,400
<b>Cash invested for repayment of long-term liabilities (see note 13)</b>	<b>6,600,000</b>	<b>10,909,400</b>

Long-term liabilities have been utilized in accordance with the Municipal Finance Management Act.

**27 UNAUTHORISED, IRREGULAR, FRUITLESS AND WASTEFUL EXPENDITURE DISALLOWED**

<b>27.1 Unauthorised expenditure</b>	<b>2012</b>	<b>2011</b>
Reconciliation of unauthorised expenditure		
Opening balance	-	-
Unauthorised expenditure current year	-	-
Approved by Council or condoned	-	-
Transfer to receivables for recovery (note 12)	-	-
Unauthorised expenditure awaiting authorization	-	-

<b>Incident</b>	<b>Disciplinary steps/criminal proceedings</b>
<i>No incident</i>	<i>No disciplinary hearing held</i>

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**27.2 Fruitless and wasteful expenditure**

	2012	2011
Reconciliation of fruitless and wasteful expenditure		
Opening balance	-	-
Fruitless and wasteful expenditure current year	-	-
Condoned or written off by Council	-	-
To be recovered – contingent asset (see note 30)	-	-
Fruitless and wasteful expenditure awaiting condonement	<u>-</u>	<u>-</u>

Incident	Disciplinary steps/criminal proceedings
<i>No incident</i>	<i>No disciplinary hearing held</i>

**27.3 Irregular expenditure**

	2012	2011
Reconciliation of irregular expenditure		
Opening balance	12,673,904	-
Irregular expenditure current year	127,000	12,673,904
Condoned or written off by Council	-	-
Transfer to receivables for recovery – not condoned	-	-
Irregular expenditure awaiting condonement	<u>12,800,904</u>	<u>12,673,904</u>

Incident	Disciplinary steps/criminal proceedings
<i>Council has appointed a service provider who is in service of the state. The service provider did not declare his employment details in his application form. It was only discovered after he has rendered the service to the municipality.</i>	<i>No disciplinary hearing held. There are no means to early detect false declarations as neither National Treasury, Provincial Treasury or SALGA has a database of people in service of the state.</i>

**28 ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT**

**28.1 Contributions to organized local government**

	2012	2011
Opening balance	-	-
Council subscriptions	208,129	210,564
Amount paid - current year	(208,129)	(210,564)
Amount paid - previous years	-	-
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

**28.2 Audit fees**

	2012	2011
Opening balance	-	-
Current year audit fee	1,756,712	2,333,016
Amount paid - current year	(1,756,712)	(2,333,016)
Balance unpaid (included in creditors)	<u>-</u>	<u>-</u>

**28.3 VAT**

VAT inputs receivables and VAT outputs receivables are shown in note 8. All VAT returns have been submitted by the due date throughout the year.

**NKANGALA DISTRICT MUNICIPALITY**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

**28.4 PAYE and UIF**

	2012	2011
Opening balance	-	-
Current year payroll deductions	8,160,655	4,179,216
Amount paid - current year	(8,160,655)	(4,179,216)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**28.5 Pension and medical aid deductions**

	2012	2011
Opening balance	-	-
Current year payroll deductions and council contributions	9,372,642	4,755,785
Amount paid - current year	(9,372,642)	(4,755,785)
<b>Balance unpaid (included in creditors)</b>	<b>-</b>	<b>-</b>

**28.6 Compliance with chapter 11 of the Municipal Finance Management Act**

Council's Supply Chain Policy was adopted in October 2005 (DM208/09/2005) with effective date 1 January 2006. The Supply Chain Unit was established in December 2006. Minor deviations from the supply chain regulations occurred during the reporting period and a list thereof is attached as annexure I. The policy is currently being reviewed by management.

	R	R
<b>29 CONTINGENT LIABILITY</b>	<b>2012</b>	<b>2011</b>
Except for the guarantees held in lieu of retention disclosed in note 4, the only other contingent liabilities the municipality have are relating to litigation against the council for which the outcome is still uncertain	<b>4,954,298</b>	<b>1,720,059</b>
North West Development Corporation	75,248	75,248
Mahlalerwa Construction	-	-
Thecon Projects CC	900,000	900,000
Komati Pridop JV	-	-
Turfmaster	207,067	207,067
Bakone Power CC	734,240	-
Dora Zodwa Masombuka	500,000	500,000
SSI Engineering & Environment Consultants PTY Ltd	37,744	37,744
TC Makola	2,000,000	-
Plan & Associates	500,000	-

**30 CONTINGENT ASSETS**

Except for guaranteed value disclosed in note 10 Council don't have any contingent assets

**31 RELATED PARTIES**

Other than the related parties indicated in note 17 and 18 the municipality do not have any other related parties. No transactions occurred with related parties that were not at arm's length or not in the ordinary course of business.

**32 EVENTS AFTER THE REPORTING DATE**

The municipality doesn't have any events to report after the reporting date



**NKANGALA DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

### **33 GOING CONCERN**

The Annual Financial Statements have been prepared on the basis of accounting policies applicable to a going concern. The basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

### **34 COMPARISON WITH THE BUDGET**

The comparison of the Municipality's actual financial performance with that budgeted is set out in Annexures E(1), E(2) and H.

### **35 New standards and interpretations**

#### **35.1 Standards and interpretations effective and adopted in the current year**

In the current year, the municipality has adopted the following standards and interpretations that are effective for the current financial year and that are relevant to its operations:

#### **IGRAP 2: Changes in Existing Decommissioning, Restoration and Similar Liabilities**

The interpretation applies to changes in the measurement of any existing decommissioning, restoration or similar liability that is both:

- recognised as part of the cost of an item of property, plant and equipment in accordance with the Standard of GRAP on Property, Plant and Equipment (as revised in 2010); and
- recognised as a liability in accordance with the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010).

The interpretation addresses how the effect of the following events that change the measurement of an existing decommissioning, restoration or similar liability should be accounted for:

- a change in the estimated outflow of resources embodying economic benefits (e.g. cash flows) or service potential required to settle the obligation;
- a change in the current market-based discount rate as defined in paragraph .52 of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets (as revised in 2010) (this includes changes in the time value of money and the risks specific to the liability); and
- an increase that reflects the passage of time (also referred to as the unwinding of the discount).

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

#### **IGRAP 3: Determining Whether an Arrangement Contains a Lease**

This Interpretation of the Standards of GRAP does not apply to arrangements that are, or contain, leases excluded from the scope of the Standard of GRAP on Leases (as revised in 2010).

The issues addressed in this Interpretation of the Standards of GRAP are:

- how to determine whether an arrangement is, or contains, a lease as defined in the Standard of GRAP on Leases (as revised in 2010);
- when the assessment or a reassessment of whether an arrangement is, or contains, a lease should be made; and
- if an arrangement is, or contains, a lease, how the payments for the lease should be separated from payments for any other elements in the arrangement.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

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The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

**IGRAP 4: Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds**

This Interpretation of the Standards of GRAP applies to accounting in the financial statements of a contributor for interests arising from decommissioning funds that have both of the following features:

The issues addressed in this Interpretation of the Standards of GRAP are:

- the assets are administered separately (either by being held in a separate legal entity or as segregated assets within another entity); and
- a contributor's right to access the assets is restricted.

A residual interest in a fund that extends beyond a right to reimbursement, such as a right to distributions once all the decommissioning has been completed or on winding up the fund, may be an equity instrument within the scope of the Standard of GRAP on Financial Instruments and is not within the scope of this Interpretation of the Standards of GRAP.

The issues addressed in this Interpretation of the Standards of GRAP are:

- how should a contributor account for its interest in a fund?
- when a contributor has an obligation to make additional contributions, for example, in the event of the liquidation of another contributor, how should that obligation be accounted for?

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

**IGRAP 5: Applying the Restatement Approach under the Standard of GRAP on Financial Reporting in Hyperinflationary Economies**

This Interpretation of the Standards of GRAP provides guidance on how to apply the requirements of the Standard of GRAP on Financial Reporting in Hyperinflationary Economies (as revised in 2010) in a reporting period in which a municipality identifies the existence of hyperinflation in the economy of its functional currency, when that economy was not hyperinflationary in the prior period, and the municipality therefore restates its financial statements in accordance with the Standard of GRAP on Financial Reporting in Hyperinflationary Economies (as revised in 2010).

The questions addressed in this Interpretation of the Standards of GRAP are:

- how should the requirement '... stated in terms of the measuring unit current at the reporting date' in paragraph .10 of the Standard of GRAP on Financial Reporting in Hyperinflationary Economies (as revised in 2010) be interpreted when a municipality applies the Standard of GRAP?
- a contributor's right to access the assets is restricted.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

**IGRAP 6: Loyalty Programmes**

This Interpretation of the Standards of GRAP is not applicable to the municipality.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

There is no impact of the interpretation on adoption.

**IGRAP 7: The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction**

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This Interpretation of the Standards of GRAP applies to all post-employment defined benefits and other long-term employee defined benefits.

For the purpose of this Interpretation of the Standards of GRAP, minimum funding requirements are any requirements to fund a post-employment or other long-term defined benefit plan.

The issues addressed in this Interpretation of the Standards of GRAP are:

- when refunds or reductions in future contributions should be regarded as available in accordance with paragraph .68 of the Standard of GRAP on Employee Benefits;
- how a minimum funding requirement might affect the availability of reductions in future contributions.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

**IGRAP 8: Agreements for the Construction of Assets from Exchange Transactions**

This Interpretation applies to the accounting for revenue and associated expenses by municipalities that undertake the construction of assets in exchange transactions directly or through subcontractors. The construction of assets entered into by municipalities where funding to support the construction activity will be provided by an appropriation or similar allocation of general government revenue or by aid or grant funds are excluded from the scope of this Interpretation of the Standards of GRAP.

Agreements in the scope of this Interpretation of the Standards of GRAP are agreements for the construction of assets in exchange transactions. In addition to the construction of assets in exchange transactions, such agreements may include the delivery of other goods or services.

The Interpretation of the Standards of GRAP addresses two issues:

- is the agreement within the scope of the Standard of GRAP on Construction Contracts (as revised in 2010) or the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010)?
- when should revenue from the construction of assets in exchange transactions be recognised?

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

**IGRAP 9: Distributions of Non-cash Assets to Owners**

This Interpretation of the Standards of GRAP is not applicable to the municipality.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

There is no impact of the interpretation on adoption.

**IGRAP 10: Assets Received from Customers**

This Interpretation of the Standards of GRAP applies to the accounting for the receipt of items of property, plant and equipment by municipalities that receive such assets from their customers.

Agreements within the scope of this Interpretation of the Standards of GRAP are those in which a municipality receives from a customer an item of property, plant and equipment that the municipality must then use either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both.

This Interpretation of the Standards of GRAP also applies to agreements in which a municipality receives cash from a customer when that amount of cash must be used only to construct or acquire an item of property, plant and equipment and the municipality must then use the item of property, plant and equipment either to connect the customer to a network or to provide the customer with ongoing access to a supply of goods or services, or to do both.

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This Interpretation of the Standards of GRAP does not apply to agreements in which the receipt occurs as part of a non-exchange transaction as defined in the Standard of GRAP on Revenue from Non-exchange Transactions (Taxes and Transfers), or infrastructure used in a public-private partnership agreement (see the Guideline on Accounting for Public-private Partnerships), or assets received in a transfer of functions.

The Interpretation of the Standards of GRAP addresses the following issues:

- is the definition of an asset met?
- if the definition of an asset is met, how should the received item of property, plant and equipment be measured on initial recognition?
- if the item of property, plant and equipment is measured at fair value on initial recognition, how should the resulting credit be accounted for?
- how should the entity account for a receipt of cash from its customer?

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

### **IGRAP 13: Operating Leases – Incentives**

In negotiating a new or renewed operating lease, the lessor may provide incentives for the lessee to enter into the agreement. Examples of such incentives are an up-front cash payment to the lessee or the reimbursement or assumption by the lessor of costs of the lessee (such as relocation costs, leasehold improvements and costs associated with a pre-existing lease commitment of the lessee). Alternatively, initial periods of the lease term may be agreed to be rent free or at a reduced rent.

The issue is how incentives in an operating lease should be recognised in the financial statements of both the lessee and the lessor.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

### **IGRAP 14: Evaluating the Substance of Transactions Involving the Legal Form of a Lease**

A municipality may enter into a transaction or a series of structured transactions (an arrangement) with an unrelated party or parties (an investor) that involves the legal form of a lease. For example, a municipality may lease assets to an investor and lease the same assets back, or alternatively, legally sell assets and lease the same assets back. The form of each arrangement and its terms and conditions can vary significantly.

When an arrangement with an investor involves the legal form of a lease, the issues are:

- how to determine whether a series of transactions is linked and should be accounted for as one transaction;
- whether the arrangement meets the definition of a lease under the Standard of GRAP on Leases (as revised in 2010); and, if not,
  - whether a separate investment account and lease payment obligations that might exist represent assets and liabilities of the municipality;
  - how the municipality should account for other obligations resulting from the arrangement; and
  - how the municipality should account for a fee it might receive from an investor.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

### **IGRAP 15: Revenue – Barter Transactions Involving Advertising Services**

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A municipality (seller) may enter into a barter transaction to provide advertising services in exchange for receiving other services from its customer (customer). Advertisements may be displayed on the Internet or poster sites, broadcast on the television or radio, published in magazines or journals, or presented in another medium. An example could be where a municipality offers advertising services to local businesses in its community newsletters in exchange for repairs and maintenance services provided by those businesses. These repair and maintenance services may, for example, take the form of repairing and maintaining office buildings or motor vehicles owned by the municipality.

In some cases, no cash or other consideration is exchanged between the municipality and other entity. In some other cases, equal or approximately equal amounts of cash or other consideration are also exchanged.

A seller that provides advertising services in the course of its ordinary activities recognises revenue under the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010) from a barter transaction involving advertising when, amongst other criteria, the services exchanged are dissimilar in terms of paragraph .18 in the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010) and the amount of revenue can be measured reliably in terms of paragraph .20(a) in the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010). This Interpretation of the Standards of GRAP only applies to an exchange of dissimilar services. An exchange of similar advertising services is not a transaction that generates revenue under the Standard of GRAP on Revenue from Exchange Transactions (as revised in 2010).

The issue is under what circumstances can a seller reliably measure revenue at the fair value of advertising services received or provided in a barter transaction.

The effective date of the interpretation is for years beginning on or after 01 April 2011.

The municipality has adopted the interpretation for the first time in the 2012 financial statements.

The impact of the interpretation is not material.

#### **GRAP 1 (as revised 2010): Presentation of Financial Statements**

The revision resulted in various terminology and definition changes.

Additional commentary has been added, describing the purpose of financial statements in the public sector.

Commentary has been added to explain that where legislation requires a departure from a particular Standard of GRAP and that departure is material, municipalities cannot claim compliance with the Standards of GRAP.

Additional disclosure requirements have been added regarding the following areas: assets and liabilities included in disposal groups classified as held for sale, biological assets, and the use of transitional provisions in the accounting policy.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

#### **GRAP 2 (as revised 2010): Cash Flow Statements**

The revision resulted in various terminology and definition changes.

Operating cash flows:

- Where a municipality is in the business of renting and subsequently selling the same assets, these cash flows should be regarded as operating rather than investing cash flows.

Investing cash flows:

- Only expenditures incurred on a recognised asset qualify to be classified as investing activities in the cash flow statement.

Acquisitions and disposals of controlled municipal entities and other operating units:

- Guidance relating to acquisitions and disposals of municipal entities, particularly those on another basis of accounting, has been deleted.

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Disclosure of undrawn borrowing facilities, restricted cash balances and the operating, investing and financing cash flows of jointly controlled municipal entities accounted for using the proportionate consolidation method, now encouraged rather than required.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**GRAP 3 (as revised 2010): Accounting policies, Changes in Accounting Estimates and Errors**

The revision resulted in various terminology and definition changes.

Paragraphs added to changes in accounting policies:

- a change from one basis of accounting to another basis of accounting is a change in accounting policy; and
- a change in the accounting treatment, recognition or measurement of a transaction, event or condition within a basis of accounting is regarded as a change in accounting policy.

Selection of accounting policies:

- the reference to the Accounting Practices Committee (APC) of SAICA has been deleted from paragraph .11 on the basis that it is not a standard setter and that municipalities would consider information from a wide range of sources in formulating an accounting policy and not just the pronouncements of the APC; and
- commentary on the selection of benchmark and alternative accounting policies has been deleted.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**GRAP 4 (as revised 2010): The Effects of Changes in Foreign Exchange Rates**

Terminology changes:

Where reference has been made to the net realisable values of inventories, current replacement cost has also been included to allow for the appropriate valuation of inventories where they are distributed as part of a non-exchange transaction. Reference to 'trade' receivables has been amended to 'receivables'.

Monetary items:

Paragraph .15 clarifies that child support grants are 'payables', and not just 'obligations' in terms of the current requirements of the Standard of GRAP on Provisions, Contingent Liabilities and Contingent Assets.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**GRAP 9 (as revised 2010): Revenue from Exchange Transactions**

The revision resulted in various terminology and definition changes.

Various amendments, deletions and additions to examples included in the appendix.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**GRAP 10 (as revised 2010): Financial Reporting in Hyperinflationary Economies**

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Certain terminology changes:

- the reference to 'current cost' in paragraph .30 has been deleted; and
- where reference has been made to 'net realisable value', 'current replacement cost' has been added.

Net monetary position:

References to 'surplus' or 'deficit' have been changed, throughout the document, to 'gain' or 'loss'.

Interpretations:

Text included in this Standard of GRAP from IFRIC Interpretation 7 on Applying the Restatement Approach under IAS 29 Financial Reporting in Hyperinflationary Economies has been deleted.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**GRAP 11 (as revised 2010): Construction Contracts**

The revision resulted in certain terminology changes:

Other amendments:

- an example has been added to clarify when a municipality acts as a contractor in a construction contract arrangement;
- the example in paragraph .11 has been deleted as it is inappropriate for the South African public sector; and
- the explanatory text relating to 'contractors' has been amended to clarify that a municipality can be a contractor if it performs construction related activities itself or through subcontractors.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**GRAP 12 (as revised 2010): Inventories**

The revision resulted in various terminology and definition changes.

Cost formulas:

Paragraph .34 was amended and .35 was added to separate the principle from the exception when applying the cost formula for inventories with a similar nature and use to the municipality.

Recognition as an expense:

Where reference has been made to 'net realisable value', 'current replacement cost' has been added.

Fair value measurement:

The appendix on how to determine fair value has been deleted.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**GRAP 13 (as revised 2010): Leases**

The revision resulted in various terminology and definition changes.

Scope:

Paragraph .04 has been included to clarify that this Standard of GRAP does not apply to lease agreements to explore for or use natural resources such as oil, gas, timber, metals and other mineral rights and licensing agreements for such items as motion picture films, video recordings, plays, manuscripts, patents and copyrights.

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**Non-current Assets Held for Sale and Discontinued Operations:**

Paragraph .51 has been added to clarify that finance lease assets classified as held for sale in accordance with the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations shall be accounted for in accordance with that Standard of GRAP.

**Guidance on accounting for finance leases by lessors:**

The paragraph (previously paragraph .53) that provided guidance on the recognition of assets where municipalities enter into arrangements with private sector entities has been deleted as the Guideline on Accounting for Public Private Partnerships supersedes this guidance.

**Guidance on operating lease incentives and substance over legal form:**

The guidance included in the original text on substance over legal form has been deleted.

**Classification of leases on land and buildings elements:**

The guidance on the classification of land and buildings has been amended to ensure that the element of the lease relating to the land is classified as a finance lease where significant risks and rewards have been transferred, despite there being no transfer of title, consistent with the general classification guidance.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**GRAP 14 (as revised 2010): Events After the Reporting Date**

**Existence of a liability for dividends or similar distributions:**

Paragraph .13 of GRAP 14 was amended to clarify that no liability exists at the reporting date for dividends or similar distributions declared after the reporting date.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**GRAP 16 (as revised 2010): Investment Property**

The revision resulted in various terminology and definition changes.

**Recognition of investment property:**

- additional commentary has been included in paragraph .19 and .20 to explain paragraph .18 that outlines the recognition criteria for investment property;
- this Standard of GRAP includes investment property under construction as it was inconsistent with the requirement that investment property being redeveloped was still within the scope of this Standard of GRAP, but not the initial development. As a result paragraphs .10 and .11 were amended, paragraphs .60 and .61 inserted, and paragraphs .25 and .65(e) of the original text deleted;
- the measurement principles were also amended accordingly to allow investment property under construction to be measured at cost if fair value cannot be measured reliably, until such time as the fair value can be measured reliably; and
- additional guidance has been included in the examples of investment property to clarify that the rentals earned do not have to be on a commercial basis or market related for the property to be classified as investment property.

**Disclosure:**

Municipalities are encouraged, rather than required, to disclose the fair value of investment property when this is materially different from the carrying amount.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.



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**GRAP 17 (as revised 2010): Property, Plant and Equipment**

The revision resulted in various terminology and definition changes.

**Scope:**

- the recognition and measurement of exploration and evaluation assets have been added to the scope exclusions; and
- investment properties under construction have been removed from the scope.

**Measurement at initial recognition:**

Paragraph .23 and .24 have been amended to clarify that the guidance applicable to determine fair value for revalued assets applies equally to the initial measurement of items of property, plant and equipment at fair value.

**Depreciable amount and depreciation period:**

An additional paragraph has been added to clarify that reviewing the useful life of an asset on an annual basis does not require the municipality to amend the previous estimate unless expectations differ from the previous estimate.

**Derecognition:**

- the requirement to not classify gains from the disposal of property, plant and equipment as revenue, has been removed; and
- paragraph .79 has been added in line with the IASB Improvements Project to clarify that where assets are held for rental to others in the ordinary course of operations and the municipality subsequently sells the assets, the Standard of GRAP on Non-current Assets Held for Sale and Discontinued Operations does not apply. Rather, these assets are to be transferred and treated in accordance with the Standard of GRAP on Inventories.

**Disclosures:**

- the required disclosures in paragraph .90 have been amended to encourage disclosures. Added to the list of encourage disclosures is the fair value disclosure of assets where the cost model is used; and
- the requirement to disclose the cost basis for revalued assets was removed.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**GRAP 19 (as revised 2010): Provisions, Contingent Liabilities and Contingent Assets**

The revision resulted in certain terminology changes.

**Social benefits:**

Paragraphs .08 and .16(a) clarify that social benefits due at year end are 'payables', as the amounts due are certain in terms of legislation.

**Binding agreements for restructurings:**

Paragraph .87 has been amended to clarify that restructurings may take place in the public sector in terms of directives, legislation or other means. These alternative means are enforceable and may give rise to an obligation.

**Interpretations:**

In developing the Standard of GRAP initially, the Board included relevant text from any Interpretation that had been issued by the International Financial Reporting Interpretations Committee (IFRIC) relating to provisions, contingent liabilities and contingent assets. The Board included selected text from IFRIC 1 on Changes in Decommissioning, Restoration and Similar Liabilities and IFRIC 5 Rights to Interests Arising from Decommissioning, Restoration and Environmental Rehabilitation Funds in line with the Board's decisions. The Board subsequently concluded that it would issue any Interpretations as separate documents rather than dispersing the text of the Interpretations across various Standards. As a result, paragraphs .37 to .43, .74 to .80, and Appendix F of the previous version of GRAP 19, have been deleted.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

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**GRAP 100 (as revised 2010): Non-current Assets Held for Sale and Discontinued Operations**

The revision resulted in various terminology and definition changes.

Scope:

Paragraph .07 has been added to clarify the application of other Standards of GRAP to assets classified as non-current assets (or disposal groups) held for sale.

Plan to sell the controlling interest in a controlled municipal entity:

- the Standard of GRAP has been amended to clarify that a municipality that is committed to a sales plan involving loss of control in a controlled municipal entity shall classify all the assets and liabilities of that controlled municipal entity as held for sale when the required criteria are met; and
- the Standard of GRAP has been amended to clarify that a municipality that is committed to a sales plan involving loss of control of a controlled municipality entity shall disclose the information required when the controlled municipal entity is a disposal group that meets the definition of a discontinued operation.

Examples included in Appendix:

An additional example has been included regarding sale expected to be completed within one year.

The effective date of the amendment is for years beginning on or after 01 April 2011.

The municipality has adopted the amendment for the first time in the 2012 financial statements.

The impact of the amendment is not material.

**35.2 Standards and interpretations issued, but not yet effective**

The municipality has not applied the following standards and interpretations, which have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods:

**GRAP 23: Revenue from Non-exchange Transactions**

Revenue from non-exchange transactions arises when a municipality receives value from another entity without directly giving approximately equal value in exchange. An asset acquired through a non-exchange transaction shall initially be measured at its fair value as at the date of acquisition.

This revenue will be measured at the amount of increase in net assets recognised by the municipality.

An inflow of resources from a non-exchange transaction recognised as an asset shall be recognised as revenue, except to the extent that a liability is recognised for the same inflow. As a municipality satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it will reduce the carrying amount of the liability recognised and recognise an amount equal to that reduction as revenue.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**GRAP 24: Presentation of Budget Information in the Financial Statements**

Subject to the requirements of paragraph .19, a municipality shall present a comparison of the budget amounts for which it is held publicly accountable and actual amounts either as a separate additional financial statement or as additional budget columns in the financial statements currently presented in accordance with Standards of GRAP. The comparison of budget and actual amounts shall present separately for each level of legislative oversight:

- the approved and final budget amounts;
- the actual amounts on a comparable basis; and
- by way of note disclosure, an explanation of material differences between the budget for which the municipality is held publicly accountable and actual amounts, unless such explanation is included in other public documents issued in conjunction with the financial statements, and a cross reference to those documents is made in the notes.

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Where a municipality prepares its budget and financial statements on a comparable basis, it includes the comparison as an additional column in the primary financial statements. Where the budget and financial statements are not prepared on a comparable basis, a separate statement is prepared called the 'Statement of Comparison of Budget and Actual Amounts'. This statement compares the budget amounts with the amounts in the financial statements adjusted to be comparable to the budget.

A comparable basis means that the budget and financial statements:

- are prepared using the same basis of accounting i.e. either cash or accrual;
- include the same activities and entities;
- use the same classification system; and
- are prepared for the same period.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements, but will result in more disclosure than would have previously been provided in the financial statements.

#### **GRAP 21: Impairment of Non-cash-generating Assets**

Non-cash-generating assets are assets other than cash-generating assets.

When the carrying amount of a non-cash-generating asset exceeds its recoverable service amount, it is impaired.

A municipality assesses at each reporting date whether there is any indication that a non-cash-generating asset may be impaired. If any such indication exists, a municipality estimates the recoverable service amount of the asset.

The present value of the remaining service potential of a non-cash-generating asset is determined using one of the following approaches:

- depreciated replacement cost approach;
- restoration cost approach; or
- service units approach.

If the recoverable service amount of a non-cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable service amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued non-cash-generating asset is treated as a revaluation decrease.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a non-cash-generating asset may no longer exist or may have decreased. If any such indication exists, a municipality estimates the recoverable service amount of that asset.

A reversal of an impairment loss for a non-cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued non-cash-generating asset is treated as a revaluation increase.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### **GRAP 26: Impairment of Cash-generating Assets**

Cash-generating assets are those assets held by a municipality with the primary objective of generating a commercial return. When an asset is deployed in a manner consistent with that adopted by a profit-orientated entity, it generates a commercial return.

When the carrying amount of a cash-generating asset exceeds its recoverable amount, it is impaired.

A municipality assesses at each reporting date whether there is any indication that a cash-generating asset may be impaired. If any such indication exists, a municipality estimates the recoverable amount of the asset. When estimating the value in use of an asset, a municipality estimates the future cash inflows and outflows to be derived from continuing use of the asset and from its ultimate disposal and a municipality applies the appropriate discount rate to those future cash flows.

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

If the recoverable amount of a cash-generating asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. This reduction is an impairment loss. An impairment loss is recognised immediately in surplus or deficit. Any impairment loss of a revalued cash-generating asset is treated as a revaluation decrease.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, a municipality determines the recoverable amount of the cash-generating unit to which the asset belongs (the asset's cash-generating unit).

If an active market exists for the output produced by an asset or group of assets, that asset or group of assets is identified as a cash-generating unit, even if some or all of the output is used internally. If the cash inflows generated by any asset or cash-generating unit are affected by internal transfer pricing, an entity use management's best estimate of future price(s) that could be achieved in arm's length transactions in estimating:

- the future cash inflows used to determine the asset's or cash-generating unit's value in use; and
- the future cash outflows used to determine the value in use of any other assets or cash-generating units that are affected by the internal transfer pricing.

Cash-generating units are identified consistently from period to period for the same asset or types of assets, unless a change is justified.

An impairment loss is recognised for a cash-generating unit if the recoverable amount of the unit is less than the carrying amount of the unit. The impairment is allocated to reduce the carrying amount of the cash-generating assets of the unit on a pro rata basis, based on the carrying amount of each asset in the unit. These reductions in carrying amounts are treated as impairment losses on individual assets.

Where a non-cash-generating asset contributes to a cash-generating unit, a proportion of the carrying amount of that non-cash-generating asset is allocated to the carrying amount of the cash-generating unit prior to estimation of the recoverable amount of the cash-generating unit.

A municipality assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for a cash-generating asset may no longer exist or may have decreased. If any such indication exists, a municipality estimates the recoverable amount of that asset.

A reversal of an impairment loss for a cash-generating asset is recognised immediately in surplus or deficit. Any reversal of an impairment loss of a revalued cash-generating asset is treated as a revaluation increase.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

#### **GRAP 25: Employee Benefits**

The objective of GRAP 25 is to prescribe the accounting and disclosure for employee benefits. The Standard of GRAP requires a municipality to recognise:

- a liability when an employee has provided service in exchange for employee benefits to be paid in the future; and
- an expense when a municipality consumes the economic benefits or service potential arising from service provided by an employee in exchange for employee benefits.

The Standard of GRAP states the recognition, measurement and disclosure requirements of:

- short-term employee benefits;
  - all short-term employee benefits;
  - short-term compensated absences;
  - bonus, incentive and performance related payments;
- post-employment benefits;
- other long-term employee benefits; and
- termination benefits.

The major difference between this Standard of GRAP and IAS 19 is with regards to the treatment of actuarial gains and losses and past service costs. This Standard of GRAP requires a municipality to recognise all actuarial gains and losses and past service costs immediately in the statement of financial performance once occurred.

**NKANGALA DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**GRAP 103: Heritage Assets**

GRAP 103 defines heritage assets as assets which have a cultural, environmental, historical, natural, scientific, technological or artistic significance and are held indefinitely for the benefit of present and future generations.

A heritage asset should be recognised as an asset only if:

- it is probable that future economic benefits or service potential associated with the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably.

The Standard of GRAP requires judgment in applying the initial recognition criteria to the specific circumstances surrounding the municipality and the assets.

GRAP 103 states that a heritage asset should be measured at its cost unless it is acquired through a non-exchange transaction which should then be measured at its fair value as at the date of acquisition.

In terms of the Standard of GRAP, a municipality has a choice between the cost and revaluation model as accounting policy for subsequent recognition and should apply the chosen policy to an entire class of heritage assets.

The cost model requires a class of heritage assets to be carried at its cost less any accumulated impairment losses.

The revaluation model required a class of heritage assets to be carried at its fair value at the date of the revaluation less any subsequent impairment losses. The Standard of GRAP also states that a restriction on the disposal of a heritage asset does not preclude the municipality from determining the fair value.

If a heritage asset's carrying amount is increased as a result of a revaluation, the increase should be credited directly to a revaluation surplus. However, the increase should be recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same heritage asset previously recognised in surplus or deficit. If a heritage asset's carrying amount is decreased as a result of a revaluation, the decrease should be recognised in surplus or deficit. However, the decrease should be debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that heritage asset.

GRAP 103 states that a heritage asset should not be depreciated but a municipality should assess at each reporting date whether there is an indication that it may be impaired.

The carrying amount of a heritage asset should be derecognised:

- on disposal, or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss arising from the derecognition of a heritage asset should be determined as the difference between the net disposal proceeds, if any, and the carrying amount of the heritage asset. Such difference is recognised in surplus or deficit when the heritage asset is derecognised.

The effective date of the standard is for years beginning on or after 01 April 2012.

The municipality expects to adopt the standard for the first time in the 2013 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**GRAP 104: Financial Instruments**

The Standard of GRAP prescribes recognition, measurement, presentation and disclosure requirements for financial instruments. Financial instruments are defined as those contracts that results in a financial asset in one municipality and a financial liability or residual interest in another municipality. A key distinguishing factor between financial assets and financial liabilities and other assets and liabilities, is that they are settled in cash or by exchanging financial instruments rather than through the provision of goods or services.

**NKANGALA DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

In determining whether a financial instrument is a financial asset, financial liability or a residual interest, a municipality considers the substance of the contract and not just the legal form.

Financial assets and financial liabilities are initially recognised at fair value. Where a municipality subsequently measures financial assets and financial liabilities at amortised cost or cost, transactions costs are included in the cost of the asset or liability.

The transaction price usually equals the fair value at initial recognition, except in certain circumstances, for example, where interest free credit is granted or where credit is granted at a below market rate of interest.

Short-term receivables and payables are not discounted where the initial credit period granted or received is consistent with terms used in the public sector, either through established practices or legislation.

Concessionary loans are loans either received by or granted to another municipality on concessionary terms, e.g. at low interest rates and flexible repayment terms. On initial recognition, the fair value of a concessionary loan is the present value of the agreed contractual cash flows, discounted using a market related rate of interest for a similar transaction. The difference between the proceeds either received or paid and the present value of the contractual cash flows is accounted for as non-exchange revenue by the recipient of a concessionary loan in accordance with Standard of GRAP on Revenue from Non-exchange Revenue Transactions (Taxes and Transfers), and using the Framework for the Preparation and Presentation of Financial Statements (usually as an expense) by the grantor of the loan.

Financial assets and financial liabilities are subsequently measured either at fair value or, amortised cost or cost. A municipality measures a financial instrument at fair value if it is:

- a derivative;
- a combined instrument designated at fair value, i.e. an instrument that includes a derivative and a non-derivative host contract;
- held-for-trading;
- a non-derivative instrument with fixed or determinable payments that is designated at initial recognition to be measured at fair value;
- an investment in a residual interest for which fair value can be measured reliably; and
- other instruments that do not meet the definition of financial instruments at amortised cost or cost.
- Where the host contract is not a financial instrument within the scope of this Standard, the host contract and embedded derivative are accounted for separately using GRAP 104 and the relevant Standard of GRAP.

Financial assets and financial liabilities that are non-derivative instruments with fixed or determinable payments, for example deposits with banks, receivables and payables, are measured at amortised cost. At initial recognition, a municipality can however designate such an instrument to be measured at fair value.

A municipality can only measure investments in residual interests at cost where the fair value of the interest cannot be determined reliably.

Once a municipality has classified a financial asset or a financial liability either at fair value or amortised cost or cost, it is only allowed to reclassify such instruments in limited instances.

A municipality derecognises a financial asset, or the specifically identified cash flows of an asset, when:

- the cash flows from the asset expire, are settled or waived;
- significant risks and rewards are transferred to another party; or
- despite having retained significant risks and rewards, a municipality has transferred control of the asset to another municipality.

A municipality derecognises a financial liability when the obligation is extinguished. Exchanges of debt instruments between a borrower and a lender are treated as the extinguishment of an existing liability and the recognition of a new financial liability. Where a municipality modifies the term of an existing financial liability, it is also treated as the extinguishment of an existing liability and the recognition of a new liability.

A municipality cannot offset financial assets and financial liabilities in the statement of financial position unless a legal right of set-off exists, and the parties intend to settle on a net basis.

GRAP 104 requires extensive disclosures on the significance of financial instruments for a municipality's statement of financial position and statement of financial performance, as well as the nature and extent of the risks that a municipality is exposed to as a result of its financial statements. Some disclosures, for example the disclosure of fair values for instruments measured at amortised cost or cost and the preparation of a sensitivity analysis, are encouraged rather than required.

**NKANGALA DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

The effective date of the amendment is for years beginning on or after 01 April 2012.

The municipality expects to adopt the amendment for the first time in the 2013 financial statements.

It is unlikely that the standard will have a material impact on the municipality's financial statements, but will result in less disclosure than would have previously been provided in the financial statements.

**GRAP 27: Agriculture**

This Standard of GRAP replaces the previous Standard of GRAP on Agriculture (GRAP 101) due to the IPSASB that has issued an IPSAS on Agriculture (IPSAS 27).

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality has early adopted the standard for the first time in the 2012 financial statements.

There is no impact of the standard on adoption.

**GRAP 31: Intangible Assets**

This Standard of GRAP replaces the previous Standard of GRAP on Intangible Assets (GRAP 102) due to the IPSASB that has issued an IPSAS on Intangible Assets (IPSAS 31).

The effective date of the standard is for years beginning on or after 01 April 2013.

The municipality has early adopted the standard for the first time in the 2012 financial statements.

There is no impact of the standard on adoption.

**GRAP 105: Transfers of Functions Between Entities Under Common Control**

The objective of this Standard of GRAP is to establish accounting principles for the acquirer and transferor in a transfer of functions between municipalities under common control.

A transfer of functions between municipalities under common control is a reorganisation and/or reallocation of functions between municipalities that are ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between municipalities under common control, the assets and liabilities should be recognised (by the acquirer) at their carrying amounts and should be derecognised (by the transferor) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a transfer of functions between municipalities under common control.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard for the first time once it becomes effective.

The impact of this standard is currently being assessed.

**GRAP 106: Transfers of Functions Between Entities not Under Common Control**

The objective of this Standard of GRAP is to establish accounting principles for the acquirer in a transfer of functions between municipalities not under common control.

**NKANGALA DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

A transfer of functions between municipalities not under common control is a reorganisation and/or reallocation of functions between municipalities that are not ultimately controlled by the same entity before and after a transfer of functions.

In the event of a transfer of functions between municipalities not under common control, the assets and liabilities should be recognised (by the acquirer) at their acquisition-date fair values and should be derecognised (by the acquiree) at their carrying amounts.

The difference between amount of consideration paid or received, if any, and the fair value of assets acquired and liabilities assumed or carrying amounts of assets transferred and liabilities relinquished should be recognised in surplus / (deficit).

For transfer of functions between municipalities not under common control there are some specific recognition and measurement principles and exceptions to the recognition and measurement principles.

Specific disclosures are required when there is a transfer of functions between municipalities not under common control.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The impact of this amendment is currently being assessed.

#### **GRAP 107: Mergers**

The objective of this Standard of GRAP is to establish accounting principles for the combined municipality and combining municipalities in a merger.

A merger is where a new combined municipality is started, no acquirer can be identified and the combining municipalities do not have any control over the municipality.

In the event of a merger, the assets and liabilities should be recognised (by the combined municipality) at their carrying amounts and should be derecognised (by the combining municipalities) at their carrying amounts.

The difference between the carrying amounts of assets and liabilities should be recognised in accumulated surplus / (deficit).

Specific disclosures are required when there is a merger.

No effective date has yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The impact of this standard is currently being assessed.

#### **GRAP 20: Related Party Disclosures**

The objective of this Standard of GRAP is to ensure that a municipality's financial statements contain the disclosures necessary to draw attention to the possibility that its financial position and surplus or deficit may have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

This Standard of GRAP requires disclosure of related party relationships, transactions and outstanding balances, including commitments, in the consolidated and separate financial statements of the municipality in accordance with the Standard of GRAP on Consolidated and Separate Financial Statements. This Standard of GRAP also applies to individual financial statements.

This Standard of GRAP requires that only transactions with related parties where the transactions are not concluded within normal operating procedures or on terms that are not no more or no less favourable than the terms it would use to conclude transactions with another municipality, entity or person are disclosed.

The Standard of GRAP sets out the requirements, inter alia, for the disclosure of:

- control;
- related party transactions; and
- remuneration of management

No effective date has yet been determined by the Minister of Finance.



**NKANGALA DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

The municipality expects to adopt the standard for the first time once it becomes effective.

It is unlikely that the standard will have a material impact on the municipality's financial statements.

**IGRAP 16: Intangible Assets - Website Costs**

The Interpretation deals with the treatment of a municipality's own website. The guidance on website costs was previously included in the Standard of GRAP on Intangible Assets.

It concludes that a municipality's own website that arises from development and is for internal or external access is an internally generated intangible asset that is subject to the requirements of the Standard of GRAP on Intangible Assets.

A website arising from development will be recognised as an intangible asset if, and only if, in addition to complying with the general requirements described in the Standard of GRAP on Intangible Assets for recognition and initial measurement, a municipality can satisfy the requirements in paragraph .54 in the Standard of GRAP on Intangible Assets, which in particular requires a municipality to be able to demonstrate how its website will generate probable future economic benefits or service potential.

If a municipality is not able to demonstrate how a website developed solely or primarily for providing information about its own products and services will generate probable future economic benefits or service potential, all expenditure on developing such a website will be recognised as an expense when incurred.

A website that is recognised as an intangible asset under this Interpretation will be measured after initial recognition by applying the requirements in the Standard of GRAP on Intangible Assets.

The effective date of the interpretation is for years beginning on or after 01 April 2013.

The municipality expects to adopt the interpretation for the first time in the 2014 financial statements.

It is unlikely that the interpretation will have a material impact on the municipality's financial statements.

**Improvements to Standards of GRAP**

The following Standards of GRAP have been amended as part of the ASB's Improvements Project for 2011:

- GRAP 1;
- GRAP 3;
- GRAP 7;
- GRAP 9;
- GRAP 12;
- GRAP 13;
- GRAP 16; and
- GRAP 17.

The changes made will have no significant impact, except for the following:

A change to the cost model when a reliable measure of fair value is no longer available (or vice versa) for an asset that a Standard of GRAP would otherwise require or permit to be measured at fair value are no longer considered to be a change in an accounting policy in terms of the Standard of GRAP on Accounting Policies, Changes in Accounting Estimates and Errors (as revised in 2010).

A requirement to include transaction costs on initial recognition of an investment in an associate under the equity method, has been included in the Standard of GRAP Investments in Associates.

Changes were made to the Standard of GRAP on Investment Property (as revised in 2010) to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furthermore the assessment of significant use of an investment property has been clarified.

Changes were made to the Standard of GRAP on Property, Plant and Equipment (as revised in 2010) to ensure the consistent application of the principle where assets are acquired in exchange for non-monetary assets when the exchange transaction lacks commercial substance. Furthermore the requirement to disclose property, plant and equipment that were temporarily idle, has been clarified.

The effective date of the amendment is for years beginning on or after 01 April 2013.

**NKANGALA DISTRICT MUNICIPALITY  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012**

The municipality expects to adopt the amendment for the first time in the 2014 financial statements.

It is unlikely that the amendment will have a material impact on the municipality's financial statements.

**35.3 Standards and interpretations not yet effective or relevant**

The following standards and interpretations have been published and are mandatory for the municipality's accounting periods beginning on or after 01 July 2012 or later periods but are not relevant to its operations:

**GRAP 18: Segment Reporting**

Segments are identified by the way in which information is reported to management, both for purposes of assessing performance and making decisions about how future resources will be allocated to the various activities undertaken by the municipality. The major classifications of activities identified in budget documentation will usually reflect the segments for which a municipality reports information to management.

Segment information is either presented based on service or geographical segments. Service segments relate to a distinguishable component of a municipality that provides specific outputs or achieves particular operating objectives that are in line with the municipality's overall mission. Geographical segments relate to specific outputs generated, or particular objectives achieved, by a municipality within a particular region.

No effective date has not yet been determined by the Minister of Finance.

The municipality expects to adopt the standard once it becomes effective.

The adoption of this standard is not expected to impact on the results of the municipality, but may result in more disclosure than is currently provided in the financial statements.

**APPENDICES TO THE FINANCIAL STATEMENTS**

**APPENDIX A**

**NKANGALA DISTRICT MUNICIPALITY: SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2012**

EXTERNAL LOANS			Loan Redeemable Number	Balance at 2011/06/30	Received during the period	Redeemed written off during the period	Balance at 2012/06/30	Less short term portion	Long term portion	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LONG-TERM LOANS				R	R	R	R			R	R
DBSA: 1996@ 6 months JIBAR plus 2%.	1	30/09/2019		26,995,193	-	3,173,961	23,821,232	3,768,290	20,052,942	-	-
INCA: 2004 @ 12.28% p.a.	2	30/12/2018		24,290,246	-	2,122,595	22,167,651	2,399,080	19,768,571	35,000,000	-
Total long-term loans				51,285,439	-	5,296,556	45,988,883	6,167,369	39,821,513	35,000,000	-
FINANCE LEASE LIABILITIES			Lease Redeemable Number	Balance at 2011/06/30	Received during the period	Redeemed written off during the period	Balance at 2012/06/30	Less short term portion	Long term portion	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LONG-TERM LOANS				R	R	R	R			R	R
Gestetner Finance (Gestetner MPC 300AD)	1	31/08/2012		21,520		18,236	3,284	3,284	-	2,419	-
Gestetner Finance (Gestetner MP 1350)	2	31/08/2012		416,486		352,920	63,565	63,565	-	46,820	-
Gestetner colour digital MPC 3300 AD	9	25/03/2013		85,044		45,776	39,268	39,268	-	33,298	-
Gestetner colour digital MPC2800AD	10	25/03/2013		72,076		38,796	33,280	33,280	-	28,220	-
Gestetner Digital MFP PRO1357EX	11	25/03/2013		329,224		177,210	152,014	152,014	-	128,900	-
Gestetner mono digital MP4000CSP	12	25/03/2013		75,703		40,748	34,955	34,955	-	29,640	-
Ricoh Digital copier/printer PRO1357EX	13	04/08/2014			111,996	31,084	80,911	36,955	43,957	77,775	-
Gestetner MPC3501ARDF	14	02/07/2014			111,996	34,039	77,957	37,232	40,725	74,664	-
Total long-term finance leases				1,000,053	223,992	738,810	485,235	400,554	84,681	421,736	-
TOTAL EXTERNAL LOANS				52,285,492	223,992	6,035,366	46,474,118	6,567,923	39,906,195	35,421,736	-

# APPENDICES TO THE FINANCIAL STATEMENTS

## APPENDIX B NKANGALA DISTRICT MUNICIPALITY: ANALYSIS OF PROPERTY PLANT AND EQUIPMENT 30 JUNE 2012

	Cost					Accumulated Depreciation					Carrying Value
	Opening Balance	Additions	Transfer in / (Transfer out)	Disposals	Closing Balance	Opening Balance	Additions	Transfer in / (Transfer out)	Disposals	Closing Balance	
<b>Infrastructure assets</b>	3,528,874	-		-	3,528,874	180,712	352,887	-	-	533,599	2,995,275
Roads	3,528,874				3,528,874	180,712	352,887			533,599	2,995,275
					-					-	
<b>Community assets</b>	9,125,120	66,111	(9,047,901)	-	143,330	145,163	10,591	(132,844)	-	22,910	120,419
Buildings	-				-					-	
Fire station	9,047,901		(9,047,901)		-	132,844		(132,844)		-	
Recreational	77,219	66,111		-	143,330	12,319	10,591		-	22,910	120,419
					-					-	
<b>Other Assets</b>	43,044,877	6,733,847	-	-	49,778,724	21,918,797	4,927,941	-	-	26,846,734	22,931,989
- Accounting and office machines	15,389,776	867,289			16,257,065	10,808,402	2,006,820			12,815,219	3,441,846
- Plant and equipment	8,708,889	14,233			8,723,122	2,790,985	782,296			3,573,282	5,149,840
- Security measures	232,300				232,300	132,344	20,364			152,708	79,592
- Furniture and appliances	9,549,180	167,510			9,716,690	5,437,446	848,317			6,285,763	3,430,927
- Bins	1,227				1,227	15	123			137	1,090
- Vehicles	5,557,200	2,573,000			8,130,200	2,113,335	895,550			3,008,884	5,121,316
- Emergency equipment	3,606,305	3,111,815			6,718,120	636,270	374,472			1,010,742	5,707,378
<b>Land and Buildings</b>	63,211,669	219,771	9,047,901	-	72,479,341	10,334,092	2,265,452	132,844	-	12,732,390	59,746,951
- Land	300,000				300,000						300,000
- Buildings	58,065,406				58,065,406	10,334,092	1,941,885			12,275,979	45,789,427
- Fire station			9,047,901		9,047,901		323,567	132,844		456,411	8,591,490
- Capital under construction	4,846,263	219,771			5,066,034	0				0	5,066,034
<b>Total</b>	<b>118,910,542</b>	<b>7,019,729</b>	<b>-</b>	<b>-</b>	<b>125,930,270</b>	<b>32,578,763</b>	<b>7,556,871</b>	<b>-</b>	<b>-</b>	<b>40,135,634</b>	<b>85,794,635</b>

# APPENDICES TO THE FINANCIAL STATEMENTS

## APPENDIX C

### NKANGALA DISTRICT MUNICIPALITY: SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT 30 JUNE 2012

	Cost				Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Disposals	Closing Balance	Opening Balance	Additions	Disposals	Closing Balance	
Executive & Council	79,130,143	673,824		79,803,967	24,382,684	4,198,702		28,581,386	51,222,581
Finance & Admin	4,151,511	193,733		4,345,244	2,701,514	492,312		3,193,826	1,151,418
Planning & Development	10,355,411	151,496		10,506,907	4,136,234	982,658		5,118,892	5,388,015
Community & Social Services	20,427,213	5,780,904		26,208,117	1,358,331	1,883,200		3,241,531	22,966,586
Work in progress	4,846,263	219,771		5,066,034	-			-	5,066,034
<b>TOTAL</b>	<b>118,910,542</b>	<b>7,019,729</b>	<b>-</b>	<b>125,930,269</b>	<b>32,578,763</b>	<b>7,556,871</b>	<b>-</b>	<b>40,135,634</b>	<b>85,794,635</b>

APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX D

NKANGALA DISTRICT MUNICIPALITY: SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE PERIOD ENDED 30 JUNE 2012

2011 Actual Income	2011 Actual Expenditure	2011 Surplus/ (Deficit)		2012 Actual Income	2012 Actual Expenditure	2012 Surplus/ (Deficit)
R	R	R		R	R	R
-	25,752,598	(25,752,598)	Executive & Council	570	29,160,453	(29,159,883)
321,261,870	18,027,284	303,234,585	Finance & Admin	328,464,464	18,655,605	309,808,859
871,128	181,407,773	(180,536,645)	Planning & Development	1,687,696	253,476,098	(251,788,402)
-	13,525,768	(13,525,768)	Community & Social Services	-	14,199,285	(14,199,285)
-	10,511,601	(10,511,601)	Primary Functions	-	16,752,659	(16,752,659)
<u>322,132,998</u>	<u>249,225,025</u>	<u>72,907,973</u>	Sub Total	<u>330,152,730</u>	<u>332,244,100</u>	<u>(2,091,370)</u>
-	-	-	Less Inter-Department Charges	-	-	-
<u>322,132,998</u>	<u>249,225,025</u>	<u>72,907,973</u>	Total	<u>330,152,730</u>	<u>332,244,100</u>	<u>(2,091,370)</u>

**APPENDICES TO THE FINANCIAL STATEMENTS**  
**APPENDIX E(1)**  
**NKANGALA DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (REVENUE AND EXPENDITURE)**  
**FOR THE PERIOD ENDED 30 JUNE 2012**

	2012	2012	2012	2012	Explanation of Significant Variances
REVENUE	Actual YTD (R)	Budget (R)	Variance	Variance (%)	greater than 10% versus Budget
Rental of facilities and equipment	256,152	-	256,152	-	
Interest earned - external investments	30,256,521	22,125,000	8,131,521	36.75	RSC Levy Replacement Grant is received in three installments and surplus cash is then invested until it is needed.
Interest earned - outstanding debtors	20,878	103,000	(82,122)	(79.73)	Less interest was collected as estimated due to better debt collection
Income for agency services	226,864	226,864	-	-	
Government grants and subsidies	294,684,832	301,055,832	(6,371,000)	(2.12)	
Other income	4,707,485	2,384,000	2,323,485	97.46	The income from selling of tender documents and discount received was more than what was estimated
Surplus cash			-	-	
<b>Total Revenue</b>	<b>330,152,730</b>	<b>325,894,696</b>	<b>4,258,035</b>	<b>1.31</b>	
			-	-	
<b>EXPENDITURE</b>			-	-	
Executive & Council	29,160,453	37,939,849	8,779,396	23.14	Under-expenditure is mainly as a result of vacancies not filled
Finance & Admin	18,655,605	24,568,254	5,912,649	24.07	Under-expenditure is mainly as a result of vacancies not filled due to scarce skills whereby in some instances advertisement were done more than once.
Planning & Development	253,476,098	486,548,483	233,072,385	47.90	Under expenditure mainly due to vacancies not filled and project expenditure that is not 100% completed is disclosed as Work in progress
Community & Social Services	14,199,285	17,051,887	2,852,602	16.73	An allocation was made in anticipation of the transfer of Municipal Health Services function and unfortunately the transfer did not take place.
Primary Functions	16,752,659	59,856,736	43,104,077	72.01	Underspending is as a result of the clarification of responsibilities with regard to powers and functions between Thembeisile Hani LM and Nkangala DM and project expenditure that is not 100% completed is disclosed as Work in progress
<b>Total Expenditure</b>	<b>332,244,100</b>	<b>625,965,209</b>	<b>293,721,108</b>	<b>46.92</b>	
<b>NET SURPLUS/(DEFICIT) FOR THE YEAR</b>	<b>(2,091,370)</b>	<b>(300,070,513)</b>	<b>(297,979,143)</b>	<b>99</b>	

(0)

# APPENDICES TO THE FINANCIAL STATEMENTS

## APPENDIX E(2)

NKANGALA DISTRICT MUNICIPALITY: ACTUAL VERSUS BUDGET (ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT) FOR THE PERIOD ENDED 30 JUNE 2012

	<u>2012</u> <u>Actual</u>	<u>2012</u> <u>Under</u>	<u>2012</u> <u>Total</u>	<u>2012</u> <u>Budget</u>	<u>2012</u> <u>Variance</u>	<u>2012</u> <u>Variance</u>	<u>Explanation of Significant Variances</u> <u>greater than 5% versus Budget</u>
	R	Construction	Additions	R	R	%	(Explanations to be recorded)
Executive & Council	673,824	-	673,824	752,120	78,296	10	
Finance & Admin	193,733	-	193,733	423,500	229,767	54	
Planning & Development	151,496	-	151,496	259,950	108,454	42	
Community & Social Ser	62,323	-	62,323	144,824	82,501	57	
Primary Function	5,718,581		5,718,581	23,810,494	18,091,913	76	
Work in progress		219,771	219,771				
<b>TOTAL</b>	<b>6,799,958</b>	<b>219,771</b>	<b>7,019,729</b>	<b>25,390,888</b>	<b>18,590,931</b>	<b>73</b>	



APPENDICES TO THE FINANCIAL STATEMENTS

**APPENDIX F (1)**

NKANGALA DISTRICT MUNICIPALITY: DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003 AS AT 30 JUNE 2012

Grant and Subsidies Received

Name of Grants	Name of organ of state or municipal entity	Quarterly Receipts					Quarterly Expenditure				
		Jun-11	Sep-11	Dec-11	Mar-12	Jun-12	Jun-11	Sep-11	Dec-11	Mar-12	Jun-12
MSIG	National Gov			1,000,000			65,340		447,660		638,051
FMG	National Gov			1,250,000			668,004	396,581	186,486	221,813	445,120
EPWP INCENTIVE GRANT	National Gov	90,000					90,000				
		90,000	-	2,250,000	-	-	823,344	396,581	634,146	221,813	1,083,171

APPENDICES TO THE FINANCIAL STATEMENTS

**APPENDIX F (2)**

NKANGALA DISTRICT MUNICIPALITY: DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF

Name of Grants	Name of organ of state or municipal entity						Reason for delay/withholding of funds	Did your municipality comply with the grant conditions in terms of grant framework in the latest Division of Revenue Act	Reason for non-compliance
		Grants and Subsidies delayed / withheld							
		Jun-11	Sep-11	Dec-11	Mar-12	Jun-12			
MSIG	National Gov	-	-	-	-	-	NA	Yes	NA
FMG	National Gov	-	-	-	-	-	NA	Yes	NA
EPWP INCENTIVE GRANT	National Gov						NA	Yes	NA

APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX G (1)

NKANGALA DISTRICT MUNICIPALITY: SCHEDULE OF INVESTMENTS AS AT 30 JUNE 2012

Bank	Call	30 Days	60 Days	90+ Days	Long Term	Total
ABSA	16,448	15,000,000	25,000,000	20,000,000		60,016,448
Nedbank	5,017,808	30,000,000	7,000,000	-		42,017,808
FNB	36,602,633	20,000,000	20,000,000	-		76,602,633
Standard Bank	93,430,047	28,000,000	10,000,000	-		131,430,047
Sanlam	64,992,852					64,992,852
Investec	16,717,834	20,000,000	17,000,000	6,609,360	-	60,327,195
Investec LT					38,854,626	38,854,626
Accrued interest	1,678,102					1,678,102
<b>Total</b>	<b>218,455,724</b>	<b>113,000,000</b>	<b>79,000,000</b>	<b>26,609,360</b>	<b>38,854,626</b>	<b>475,919,710</b>

APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX G (2)

NKANGALA DISTRICT MUNICIPALITY: SCHEDULE OF INVESTMENTS AS AT 30 JUNE 2012

Bank	Opening Balance	Investments made	Withdrawn	Total
ABSA	73 095 381	35 016 448	48 095 381	60 016 448
Nedbank	33 274 796	27 017 808	18 274 796	42 017 808
FNB	75 834 801	43 088 225	42 320 393	76 602 633
Standard Bank	119 304 206	48 173 880	36 048 039	131 430 047
Sanlam	61 467 023	3 525 828	-	64 992 852
Investec	89 200 499	50 568 048	79 441 353	60 327 195
Investec LT	35 463 986	3 390 640		38 854 626
Accrued interest	1 150 523	527 579		1 678 102
<b>Total</b>	<b>488 791 215</b>	<b>211 308 456</b>	<b>224 179 962</b>	<b>475 919 710</b>

# APPENDICES TO THE FINANCIAL STATEMENTS

## Annexure H

### BUDGET INFORMATION TO THE ANNUAL FINANCIAL STATEMENTS FOR THE PERIOD 30 JUNE 2012

Description	2011/12								
	Original Budget	Budget	Virement	Final Budget	Actual outcome	Unauthorised expenditure	Variance	Actual Outcome as % of Final Budget	Actual; outcome as % of Original Budget
	Adjustment			(1+2+3)			(5-4)	(5/4*100)	(5/1*100)
	1	2	3	4	5	6	7	8	9
	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000	R'000
Investment revenue	22,228,000	-	-	22,228,000	30,277,398	-	8,049,398	136.21	136.21
Transfer recognised	300,595,000	226,864	460,832	301,282,696	294,911,696	-	(6,371,000)	97.89	98.11
Other own revenue	2,384,000	-	-	2,384,000	4,963,637	-	2,579,637	208.21	208.21
<b>Total Revenue</b>	<b>325,207,000</b>	<b>226,864</b>	<b>460,832</b>	<b>325,894,696</b>	<b>330,152,730</b>	<b>-</b>	<b>4,258,035</b>	<b>101.31</b>	<b>101.52</b>
Employee cost	70,011,177	(23,751,846)	(64,000)	46,195,331	38,231,320	-	(7,964,011)	82.76	54.61
Remuneration to councillors	12,164,008	(1,900,000)	-	10,264,008	10,254,697	-	(9,311)	99.91	84.30
Debt impairment	127,000	(100,000)	-	27,000	17,710	-	(9,290)	65.59	13.94
Depreciation and asset impairment	6,130,000	527,000	1,196,000	7,853,000	7,556,871	-	(296,129)	96.23	123.28
Finance charges	3,000,000	(400,000)	4,122,000	6,722,000	5,973,380	-	(748,620)	88.86	199.11
Transfer & grants	438,125,631	35,043,464	11,652,077	484,821,172	248,856,578	-	(235,964,594)	51.33	56.80
Other expenditure	82,903,500	(3,011,754)	(9,809,048)	70,082,698	21,353,544	-	(48,729,154)	30.47	25.76
<b>Total Expenditure</b>	<b>612,461,316</b>	<b>6,406,864</b>	<b>7,097,029</b>	<b>625,965,209</b>	<b>332,244,100</b>	<b>-</b>	<b>(293,721,108)</b>	<b>53.08</b>	<b>54.25</b>
<b>Surplus / (Deficit)</b>	<b>(287,254,316)</b>	<b>(6,180,000)</b>	<b>(6,636,197)</b>	<b>(300,070,513)</b>	<b>(2,091,370)</b>	<b>-</b>	<b>297,979,143</b>	<b>0.70</b>	<b>0.73</b>
<b>Capital Expenditure &amp; Funds sources</b>									
<b>Capital Expenditure</b>									
Transfers									
Public contributions & donations	-	-	-	-	-	-	-	-	-
Borrowing	-	-	-	-	-	-	-	-	-
Internally generated funds	36,007,082	(6,180,000)	(4,436,194)	25,390,888	7,019,729	-	(18,371,160)	27.65	19.50
<b>Total sources of capital expenditure</b>	<b>36,007,082</b>	<b>(6,180,000)</b>	<b>(4,436,194)</b>	<b>25,390,888</b>	<b>7,019,729</b>	<b>-</b>	<b>(18,371,160)</b>	<b>28</b>	<b>19</b>
<b>Cash flows</b>									
<b>Cash/ cash equivalents at the beginning of the year</b>	<b>543,910,475</b>	<b>-</b>	<b>-</b>	<b>543,910,475</b>	<b>466,152,274</b>	<b>-</b>	<b>(77,758,201)</b>	<b>85.70</b>	<b>85.70</b>
Net cash flow from operating	(281,352,318)	(6,180,000)		(287,532,318)	(1,882,324)	-	285,649,994	0.65	0.67
Net cash flow from investing	(36,007,082)	6,180,000		(29,827,082)	(10,410,368)	-	19,416,714	34.90	28.91
Net cash flow from financing	(2,200,000)			(2,200,000)	(5,811,374)	-	(3,611,374)	264.15	264.15
Net cash outflow	<b>(319,559,400)</b>	<b>(0)</b>	<b>-</b>	<b>(319,559,400)</b>	<b>(18,104,066)</b>	<b>-</b>	<b>301,455,334</b>	<b>5.67</b>	<b>5.67</b>
<b>Cash/ cash equivalents at the year end</b>	<b>224,351,075</b>	<b>(0)</b>	<b>-</b>	<b>224,351,075</b>	<b>448,048,208</b>	<b>-</b>	<b>213,474</b>	<b>199.71</b>	<b>199.71</b>

## APPENDICES TO THE FINANCIAL STATEMENTS

APPENDIX I						
NKANGALA DISTRICT MUNICIPALITY: MINOR DEVIATION FROM THE SUPPLY CHAIN POLICY FOR THE YEAR ENDING 30 JUNE 2012						
DATE	DEPARTMENT	CONTACT PERSON	DESCRIPTION	SUPPLIER	AMOUNT	COMMENTS
2011/07/06	CORPORATE SERVICES	LUNGILE SIMELANE	SUBSCRIPTION FEES	SABINET	R 18,582.00	OTHER COMPANIES DO NOT SUPPLY THE REQUIRED SUBSCRIPTIONS
2011/07/05	CORPORATE SERVICES	LUNGILE SIMELANE	LIBRARY BOOKS	ALUTA BOOKS	R 6,656.70	OTHER COMPANIES REQUESTED DO NOT KEEP THE BOOKS REQUESTED.
2011/07/07	CORPORATE SERVICES	SUSAN V BUUREN	PHOTOS & VIDEO RECORDING	PRO-VIDEO & SOUND	R 10,908.20	URGENT REQUEST
2011/07/22	FINANCE	ELOISE PRINSLOO	STRIP & FILL FRIDGE WITH GAS	HJ VAN TONDER T/A HIGHVELD	R 513.00	STRIP AND QUOTE ARRANGEMENT
2011/07/22	CORPORATE SERVICES	NASREEN MODAN	INSTALLATION OF NEW LATCH CYLINDERS ON STOREROOM DOORS	KRABO LOCKSMITH	R 620.00	URGENT REQUEST
2011/07/22	CORPORATE SERVICES	NASREEN MODAN	REPLACE STRONG ROOM LOCK	KRABO LOCKSMITH	R 490.00	URGENT REQUEST
2011/07/29	CORPORATE SERVICES	SUSAN V BUUREN	ACCOMMODATION	FOREVER RESORT AVENTURA LOSKOP	R 1,100.00	SALGA PEC WILL BE HELD AT THE SAME VENUE
2011/07/15	CORPORATE SERVICES	NASREEN MODAN	INSTALL CABLE AT PARLOUR	SHELLARD MEDIA	R 4,759.50	REGISTERED SERVICE PROVIDER
2011/07/28	CORPORATE SERVICES	SUSAN SILINDA	ACCOMMODATION FOR COUNCILORS	VISIT VAKASHA TOWN LODGE	R 17,430.03	URGENT REQUEST
2011/07/18	CORPORATE SERVICES	NASREEN MODAN	BINDING OC COUNCILORS AGENDAS & MINUTES	ZENDUBIND	R 2,529.00	UNIFORMED BINDING REQUIRED FOR ALL COUNCIL DOCUMENTS
2011/08/02	FINANCE	BUSI KHOZA	4 x ADVERTS PLACED IN JULY	PR COMMUNICATION	R 11,730.60	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/08/02	FINANCE	THANDI MAZWI	ADVERTISEMENT	PR COMMUNICATION	R 5,027.40	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/08/02	FINANCE	BUSI KHOZA	3 x ADVERTS PLACED IN JULY	PR COMMUNICATION	R 17,763.48	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/08/02	CORPORATE SERVICES	LERATO NXUMALO	ADVERTISEMENT	PR COMMUNICATION	R 90,580.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/08/03	CORPORATE SERVICES	LUNGILE SIMELANE	ACCOMMODATION	PREMIER HOTEL REGENT	R 7,280.00	CONFERENCE IS ON THE SAME VENUE
2011/08/03	LED	NHLANHLA NDZISHE	CATERING	DE OUDE WERF	R 852.50	URGENT REQUEST
2011/08/05	CORPORATE SERVICES	NASREEN MODAN	ADVERTISEMENT	PR COMMUNICATION	R 13,946.76	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/08/12	FINANCE	THANDI MAZWI	ADVERTISEMENT	PR COMMUNICATION	R 5,697.72	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/08/12	FINANCE	THANDI MAZWI	ADVERTISEMENT	PR COMMUNICATION	R 3,686.76	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/08/16	CORPORATE SERVICES	LUNGILE SIMELANI	LIBRARY BOOKS	LEXISNEXIS	R 6,445.56	ONLY TWO PUBLISHERS OF REGISTERED ON OUR DATABASE THAT OFFERS LEGAL READING MATERIAL.
2011/08/19	CORPORATE SERVICES	ALET SCHOEMAN	BINDERS	UNIBIND	R 6,834.56	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/08/20	CORPORATE SERVICES	LUNGILE SIMELANE	LIBRARY BOOKS	GLOBAL INSIGHT	R 82,992.00	OPTION B PROVIDES ACCESS TO A MAXIMUM OF 5 USERS AS OPPOSE TO OPTION A.

## APPENDICES TO THE FINANCIAL STATEMENTS

2011/09/02	CORPORATE SERVICES	SUSAN VAN BUUREN	ACCOMMODATION FOR THE EXECUTIVE MAYOR	SOUTH AFRICAN NATIONAL PARKS	R 7,500.00	URGENT REQUEST AND NO OTHER ACCOMMODATION WAS AVAILABLE
2011/09/02	CORPORATE SERVICES	SUSAN VAN BUUREN	ACCOMMODATION FOR THE EXECUTIVE MAYOR	EMNOTWENI SUN HOTEL	R 6,070.20	URGENT REQUEST AND NO OTHER ACCOMMODATION WAS AVAILABLE
2011/09/07	CORPORATE SERVICES	LUNGILE SIMELANE	LIASA CONFERENCE	LIASA DYNAMIC LEADERSHIP FOR LIS	R 16,054.00	NO TRANSPORT ARRANGEMENTS MADE FROM HOTELS WITH LOWER RATES
2011/09/16	CORPORATE SERVICES	NASREEN MODAN	ACCOMMODATION MS GUMEDE TO ATTEND A PLENIPOTENTIARY LEKGOTLA 12-15 SEP	PESTANA KRUGER LODGE	R 4,085.43	ACCOMMODATION AVAILABLE ON THE VENUE WHERE LEKGOTLA IS HELD.
2011/09/19	IT	TSHIFIWA	BUYING OF PRINTERS	BIG O 936	R 2,321.00	BIG O TRADING 936 IS RECOMMENDED FOR SPEC ADHERENCE
2011/09/20	IT	TSHIFIWA	BUYING OF PRINTERS	BIG O 936	R 2,321.00	BIG O TRADING 936 IS RECOMMENDED FOR SPEC ADHERENCE
2011/09/21	IT	TSHIFIWA	BUYING OF PRINTERS	BIG O 936	R 2,321.00	BIG O TRADING 936 IS RECOMMENDED FOR SPEC ADHERENCE
2011/09/26	CORPORATE SERVICES	NASREEN MODAN	REPAIRS DONE TO THE WATER PIPE NEAR MUNICIPAL MANAGER'S OFFICE	BEZUIDENHOUT PLUMBERS	R 1,754.93	EMERGENCY AS A MATTER OF URGENCY
2011/09/27	CORPORATE SERVICES	SUSAN SILINDA	BEVERAGES FOR COUNCIL MEETING	B MAKWAKWA TRADING ENTERPRISE	R 11,476.00	OTHER SUPPLIERS DO NOT SUPPLY THE REQUIRED SUBSCRIPTIONS
2011/10/05	IT	CHRISELDA NTULI	REPAIRING OF DAMAGED COMPUTER	BIG O TRADING 936	R 4,396.00	IT HAS BEEN ENGAGED ON MANY OCCASIONS BY NDM DUE TO THEIR AVAILABILITY, PROXIMITY, AND MOST EXPERTISE
2011/10/05	IT	CHRISELDA NTULI	NEW HP B500 DESKTOP PC & SOFTWARE FOR CLR MASOMBUKA	SLEEP TIME	R 13,476.62	SPEC ADHERENCE AND LESS PRICE
2011/10/05	CORPORATE SERVICES	NASREEN MODAN	SUPPLY AND INSTALLATION OF CYLINDER IN WOODEN DOOR AND SUPPLY AND CUT IN 2 LOCKS IN FRIDGE CUPBOARD	KRABO LOCKSMITH	R 676.70	SOLE SUPPLIER OF SUPPLYING G & INSTALLING THE KEYS AND HINGES ON OFFICE DOORS
2011/10/13	CORPORATE SERVICES	NASREEN MODAN	PURCHASE OF INSTALLATION OF CABLE FOR THE TRAINING CENTRE	SHELLARD MEDIA	R 3,534.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/10/17	CORPORATE SERVICES	LERATO NXUMALO	COMPUTER TEST FOR DATA CAPTURING CLERK: SCM	DAMELIN COMPUTER SCHOOL	R 6,400.00	ONLY TWO QUOTATIONS WERE RECEIVED FROM SUPPLIERS REGISTERED ON NDM'S DATABASE THAT CAN RENDER SUCH SERVICES
2011/10/17	CORPORATE SERVICES	SUSAN VAN BUUREN	FLIGHT AND CAR HIRE FOR THE EXECUTIVE MAYOR ATTENDING CLIMATE CHANGE CONFERENCE IN DURBAN	FLIGHT SPECIALS	R 4,308.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/10/17	CORPORATE SERVICES	SUSAN VAN BUUREN	ACCOMMODATION FOR THE EXECUTIVE MAYOR AND THE DRIVER ATTENDING THE FAREWELL FUNCTION	EMNOTWENI SUN HOTEL	R 3,035.10	LATE NOTICE OF ATTENDANCE
2011/10/20	FINANCE	NQOBILE NKOSI	ACCOMMODATION FOR MR. KEKANA FOR THE IMFO AUDIT AND RISK INDABA	COUNTYARD PORT ELIZABETH	R 3,154.00	OTHER HOTELS ARE FULLY BOOKED
2011/10/21	CORPORATE SERVICES	SUSAN VAN BUUREN	ACCOMMODATION FOR THE EXECUTIVE MAYOR AND THE DRIVER ATTENDING THE FUNERAL OF LATE MR. G MAKGOTLA	CASA DO SOL	R 2,392.90	NO OTHER ACCOMMODATION WAS AVAILABLE

## APPENDICES TO THE FINANCIAL STATEMENTS

2011/10/27	FINANCE	MAZWI THANDIWE	ADVERTISEMENT	P R COMMUNICATIONS	R 5,027.40	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/10/28	IT	CHRISELDA NTULI	DESKTOP WITH WINDOW 7, MICROSOFT OFFICE 2010 FOR LERATO GAMBU	SLEEP TIME SOLUTIONS	R 17,022.37	SPEC ADHERENCE
2011/10/28	IT	CHRISELDA NTULI	DESKTOP WITH WINDOW 7, MICROSOFT OFFICE 2010 FOR NTULI CHRISELDA	SLEEP TIME SOLUTIONS	R 2,679.00	SPEC ADHERENCE AND LESS PRICE
2011/10/28	IT	CHRISELDA NTULI	DESKTOP WITH WINDOW 7, MICROSOFT OFFICE 2010 FOR LERATO GAMBU	SLEEP TIME SOLUTIONS	R 17,022.37	SPEC ADHERENCE AND LESS PRICE
2011/11/11	FINANCE	VICTORIA MATSEMELA	ADVERTISEMENTS	P R COMMUNICATIONS	R 9,384.48	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/11/18	CORPORATE SERVICES	ALET SCHOEMAN	STAPLE CARTRIDGES MP11 CSC5000A 5000 STAPLES IN BOX	GESTETNER MPU MALANGA	R 5,340.47	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/11/28	CORPORATE SERVICES	LERATO NXUMALO	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 12,688.20	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/11/25	FINANCE	VICTORIA MATSEMELA	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 4,692.24	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/11/25	FINANCE	VICTORIA MATSEMELA	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 8,714.16	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/11/27	FINANCE	VICTORIA MATSEMELA	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 4,021.92	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/11/03	IT	CHRISELDA NTULI	ANTIVIRUS SOFTWARE AND SUPPORT	AURECON	R 13,750.00	SPEC ADHERENCE
2011/11/29	LED	BHEKI MATIMBA	INTERPRETATION SERVICES	DEAF FEDERATION OF SOUTH AFRICA	R 3,739.20	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/12/02	FINANCE	BUSI JELE	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 5,697.72	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/12/02	FINANCE	BUSI JELE	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 5,362.56	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/12/02	FINANCE	BUSI JELE	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 5,027.40	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/01/13	DPU	BOETIE MATHE	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 1,888.06	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/01/13	DPU	BOETIE MATHE	PLACEMENT OF AN ADVERT	VUKANI RADIO ADVERTISEMENT	R 10,000.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/01/17	DPU	SBONGILE	LIVE READS & ADVERTS	LIGWALAGWALA FM	R 57,000.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/01/17	DPU	SBONGILE	LIVE READS & ADVERTS	THOBELA FM	R 57,000.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/01/17	DPU	SBONGILE	LIVE READS & ADVERTS	IKWEKWEZI FM	R 57,000.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES



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2012/01/17	DPU	SBONGILE	LIVE READS & ADVERTS	NKANGALA COMMUNITY RADIO	R 4,500.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2011/09/06	CORPORATE SERVICES	NAOME	ACCOMMODATION	SABI SABI PRIVATE GAME RESERVE	R 13,050.00	OTHER HOTELS ARE FULLY BOOKED
2012/01/30	DPU	SBONGILE	TRANSPORT	SKHUBES TRANSPORT CC	R 39,850.00	OBTAINED ONLY ONE QUOTATION RECEIVED FROM 3(THREE) DIFFERENT SERVICE PROVIDERS
2012/01/31	CORPORATE SERVICES	NASREEN MODAN	MOTOR SERVICE	MC CARTHY KUNENE WITBANK	R 3,282.25	THE VEHICLE WAS PURCHASED FROM THE SERVICE PROVIDER
2012/02/01	SOCIAL SERVICES	THEMBI	STRIP & REPAIR OF VEHICLE	FIRE RAIDERS	R 4,307.18	THE VEHICLE WAS PURCHASED FROM THE SERVICE PROVIDER
2012/02/02	CORPORATE SERVICES	NAOME	ACCOMMODATION	MERCURE HOTEL	R 1,087.70	OTHER HOTELS ARE FULLY BOOKED
2012/02/02	CORPORATE SERVICES	NASREEN MODAN	COMPUTER LITERACY ASSESSMENT	DAMELIN COMPUTER SCHOOL	R 6,300.00	ONLY TWO QUOTATIONS WERE RECEIVED FROM SUPPLIERS REGISTERED ON NMD'S DATABASE THAT CAN RENDER SUCH SERVICES
2012/02/06	SOCIAL SERVICES	ELMON	STRIP & REPAIR OF VEHICLE	BRONKHORSTSPRUIT MOTORS	R 1,604.50	THE VEHICLE WAS PURCHASED FROM THE SERVICE PROVIDER
2012/02/10	DPU	SBONGILE	ADVERTISEMENT	LOLA MICHELLE	R 12,467.52	THE SUPPLIER HAS THE NECESSARY EQUIPMENT AND CAPACITY TO REACH MASSES OF DISTRICT
2012/02/10	CORPORATE SERVICES	NASREEN MODAN	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 96,772.32	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/02/10	CORPORATE SERVICES	SUSAN VAN BUUREN	ACCOMMODATION	SABI RIVER SUN	R 16,348.82	OTHER HOTELS ARE FULLY BOOKED
2012/02/16	INTERNAL AUDITING	ITUMELENG	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 4,295.52	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/02/21	CORPORATE SERVICES	NASREEN MODAN	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 2,863.68	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/02/22	CORPORATE SERVICES	NASREEN MODAN	ACCOMMODATION	EMNOTWENI SUN HOTEL	R 3,064.20	OTHER HOTELS ARE FULLY BOOKED
2012/02/23	INFORMATION TECHNOLOGY	A T MASEKO	WEB UPDATES	FATCO CORPORATION	R 1,600.00	FACTO DEVELOPED THE NDM'S WEBSITE AND I IT WILL BE IN A GOOD POSITION TO UPDATE THE WEBSITE
2012/02/23	LED	BHEKI MATIMBA	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 4,295.52	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/02/27	CORPORATE SERVICES	NASREEN MODAN	VIDEO-RECORDING SERVICES	LIMPHOS MEDIA	R 59,964.00	QUOTATIONS WERE NOT POSSIBLE TO BE ADVERTISED BECAUSE THE SEVEN DAYS PERIOD WILL EXPIRE TWO DAYS AFTER LEKGOTLA HAD TAKEN PLACE
2012/02/21	CORPORATE SERVICES	BONNY	ACCOMMODATION	SAINT GEORGE HOTEL	R 174,124.00	OTHER HOTELS ARE FULLY BOOKED
2012/03/14	CORPORATE SERVICES	LERATO NXUMALO	INFORMATION PROCESSING AND BUSINESS LITERACY	DAMELIN COMPUTER SCHOOL	R 6,000.00	ONLY TWO QUOTATIONS WERE RECEIVED FROM SUPPLIERS REGISTERED ON NMD'S DATABASE THAT CAN RENDER SUCH SERVICES
2012/03/14	CORPORATE SERVICES	LERATO NXUMALO	INTERPRETATION SERVICES	DEAF FEDERATION OF SOUTH AFRICA	R 4,596.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES

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2012/03/16	LED	BHEKI MATIMBA	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 5,727.36	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/03/20	SOCIAL SERVICES	ELMON	REPAIR OF A NISSAN LDV REG: CYJ456MP	LP MOTORS	R 3,542.44	TWO QUOTATIONS RECEIVED FROM TWO SUPPLIERS REGISTERED ON NDM'S DATABASE
2012/03/20	TECHNICAL SERVICES	NTEKELE	REPAIR AND MAINTENANCE OF THE PEBBLE PAVE FOR THE OFFICE BUILDING	PEBBLE PAVE	R 24,405.75	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/03/27	CORPORATE SERVICES	HLENGIWE	REQUEST FOR ACCOMMODATION FOR COUNCILORS TO ATTEND A MUNICIPAL GOVERNANCE COURSE AT UNIVERSITY OF JOHANNESBURG	GARDEN COURT SOUTHERN SUN MILPARK	R 13,066.79	TWO QUOTATIONS RECEIVED FROM TWO SUPPLIERS AND GARDEN COURT IS NEARER THE UNIVERSITY WHILE THE PROTEA HOTEL IS FAR
2012/03/27	CORPORATE SERVICES	NASREEN MODAN	CHANGING KEYS IN RECORDS DOORS AND CORPORATE SERVICES	KRABO LOCKSMITH	R 760.00	URGENT REQUEST
2012/04/05	CORPORATE SERVICES	LERATO NXUMALO	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 6,720.30	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/12	MAYOR'S OFFICE	SUSAN	STRIP AND QUOTE OF THE FRIDGE IN THE MAYOR'S BAR	G & R APPLIANCES	R 1,607.40	STRIP AND QUOTE ARRANGEMENT
2012/04/12	IT	CHRISELDA NTULI	IT SUPPORT	PG COMPUTER SERVICES	R 13,691.40	URGENT REQUEST
2012/04/13	FINANCE	NQOBILE NKOSI	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 1,374.15	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/16	TECHNICAL SERVICES		PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 3,739.56	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/16	TECHNICAL SERVICES		PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 5,727.36	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/17	DPU	SBONGILE	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 6,386.03	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/18	TECHNICAL SERVICES	NTEKELE	PLACEMENT OF AN ADVERT(Project No: 7904/13)	P R COMMUNICATIONS	R 7,875.12	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/18	TECHNICAL SERVICES	NTEKELE	PLACEMENT OF AN ADVERT(Project No: 6601, 6322, 6711, 3708/12)	P R COMMUNICATIONS	R 4,653.48	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/19	DPU	SBONGILE	PLACEMENT OF AN ADVERT(IDP Document)	P R COMMUNICATIONS	R 5,727.36	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/19	TECHNICAL SERVICES	NTEKELE	PLACEMENT OF AN ADVERT(Project No: 6454/12)	P R COMMUNICATIONS	R 5,727.36	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/19	TECHNICAL SERVICES	NTEKELE	PLACEMENT OF AN ADVERT(Project No: 6315/11)	P R COMMUNICATIONS	R 5,727.36	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/19	TECHNICAL SERVICES	NTEKELE	PLACEMENT OF AN ADVERT(Project No: 7114/11)	P R COMMUNICATIONS	R 5,727.36	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/23	CORPORATE SERVICES	LEBISI J	MAINTENANCE OF THE UPS SYSTEM	POWER DEVELOPMENT SERVICES	R 12,000.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES

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2012/04/24	TECHNICAL SERVICES	NTEKELE	PLACEMENT OF AN ADVERT (Project No: 7910/12)	P R COMMUNICATIONS	R 5,727.36	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/24	CORPORATE SERVICES	R TLHOLOE	PLACEMENT OF AN ADVERT (Project No: 7094/12)	P R COMMUNICATIONS	R 8,949.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/24	CORPORATE SERVICES	LERATO NXUMALO	QUALIFICATION VERIFICATION (26 Tertiary Qualification records)	SAQA	R 780.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/24	CORPORATE SERVICES	LERATO NXUMALO	QUALIFICATION VERIFICATION (13 Matric records)	SAQA	R 390.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/04/26	SOCIAL SERVICES	VUSI MAHLANGU	PLACEMENT OF AN ADVERT (Project No: 7091)	P R COMMUNICATIONS	R 6,801.24	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/03	TECHNICAL SERVICES	NAOME	ACCOMMODATION FOR MR. ZIMBWA	MERCURE HOTEL	R 1,163.45	MERCURE HOTEL IS THE CLOSEST TO THE VENUE
2012/05/07	CORPORATE SERVICES	SUE	ACCOMMODATION (EXECUTIVE MAYOR)	WESTIN GRAND HOTEL	R 23,480.00	ALL THE NEAREST HOTELS TO THE VENUE WERE FULLY BOOKED ONLY WESTIN WAS AVAILABLE
2012/05/07	CORPORATE SERVICES	LEBISI	TOILET MAINTENANCE	MPUMALANGA BEZUIDENHOUT LOODGIETERS	R 547.20	EMERGENCY SITUATION THAT NEEDED URGENT ATTENTION
2012/05/08	CORPORATE SERVICES	LEBISI	TOILET MAINTENANCE	MPUMALANGA BEZUIDENHOUT LOODGIETERS	R 548.20	EMERGENCY SITUATION THAT NEEDED URGENT ATTENTION
2012/05/08	IT	CHRISELDA NTULI	ICT SECURITY SUMMIT WORKSHOP	IT WEB LIMITED	R 7,530.80	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/08	CORPORATE SERVICES	SUE	ACCOMMODATION (EXECUTIVE MAYOR)	EMNOTWENI SUN HOTEL	R 3,584.20	DUE TO TIME CONSTRAINTS AND PAYMENT ARRANGEMENT ONLY ONE QUOTATION WAS OBTAINED
2012/05/08	LED	BHEKI MATIMBA	PLACEMENT OF AN ADVERT(Project No: 7103/12)	P R COMMUNICATIONS	R 4,295.52	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/08	LED	BHEKI MATIMBA	PLACEMENT OF AN ADVERT(Project No: 7101/12)	P R COMMUNICATIONS	R 5,369.40	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/08	TECHNICAL SERVICES	SIPOKAZI	PLACEMENT OF AN ADVERT(Project No: 4343/11)	P R COMMUNICATIONS	R 5,727.36	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/10	DPU	SBONGILE	PLACEMENT OF AN ADVERT(IDP Document)	P R COMMUNICATIONS	R 6,083.32	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/10	CORPORATE SERVICES	TREVOR SEGOANE	PLACEMENT OF AN ADVERT (7117/13)	P R COMMUNICATIONS	R 5,011.44	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/10	CORPORATE SERVICES	TREVOR SEGOANE	PLACEMENT OF AN ADVERT (7062/13)	P R COMMUNICATIONS	R 5,396.40	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/10	IT	CHRISELDA NTULI	ACCOMMODATION	GARDEN COURT SANDTON CITY	R 4,196.97	GARDEN COURT IS THE NEAREST TO THE VENUE WORKSHOP
2012/05/14	MAYOR'S OFFICE	SUSAN VAN BUUREN	ACCOMMODATION	GREENWAY WOODS	R 2,270.00	GREENWAY WOODS WILL BE CLOSER TO THE MEETING VENUE MINIMIZING TRAVELLING COST
2012/05/14	TECHNICAL SERVICES	NTEKELE	PLACEMENT OF AN ADVERT (Project No: 7904/13)	P R COMMUNICATIONS	R 5,369.40	ONLY SUPPLIER REGISTERED ON OUR SYSTEM THAT CAN PROVIDE SUCH SERVICES

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2012/05/17	TECHNICAL SERVICES	NTEKELE	PLACEMENT OF AN ADVERT(Project No: 6316/11)	P R COMMUNICATIONS	R 5,727.36	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/17	FINANCE	TRUDIE	PLACEMENT OF AN ADVERT(Invitation to register on the database)	P R COMMUNICATIONS	R 7,517.16	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/18	CORPORATE SERVICES	LERATO NXUMALO	PLACEMENT OF AN ADVERT(POSTS)	P R COMMUNICATIONS	R 29,837.13	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/23	LED	NONHLANHLA	INTERPRETATION SERVICES	DEAF FEDERATION OF SOUTH AFRICA	R 4,330.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/24	TECHNICAL SERVICES	NTEKELE	PLACEMENT OF AN ADVERT(Project No: 6316/11) CIVIL	P R COMMUNICATIONS	R 5,727.36	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/24	SOCIAL SERVICES	VUSI MAHLANGU	PLACEMENT OF AN ADVERT(Project No: 7014/12)	P R COMMUNICATIONS	R 5,011.44	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/25	CORPORATE SERVICES	LERATO NXUMALO	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 12,106.80	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/05/25	CORPORATE SERVICES	SUSAN VAN BUUREN	ACCOMMODATION FOR THE EXECUTIVE MAYOR	EMNOTWENI SUN HOTEL	R 7,168.00	ONLY HOTEL AVAILABLE TO ACCOMMODATE THE MAYOR AND DRIVER
2012/05/25	IT	MASEKO	WEBSITE UPLOAD	FATCO CORPORATION	R 833.34	ONLY SUPPLIER REGISTERED ON OUR SYSTEM THAT CAN PROVIDE SUCH SERVICES
2012/05/25	CORPORATE SERVICES	LERATO NXUMALO	PLACEMENT OF AN ADVERT	P R COMMUNICATIONS	R 30,048.70	ONLY SUPPLIER REGISTERED ON OUR SYSTEM THAT CAN PROVIDE SUCH SERVICES
2012/06/04	FINANCE	NEELA	MUNSOFT TRAINING	MUNSOFT	R 6,260.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/06/06	MAYOR'S OFFICE	SUSAN VAN BUUREN	ACCOMMODATION FOR THE MAYOR	EMNOTWENI SUN HOTEL	R 1,982.10	URGENT REQUEST
2012/06/06	TECHNICAL SERVICES	KHOLIWE SIMELANE	FLIGHT	FLIGHT SPECIALS	R 3,641.00	ONLY TWO SUPPLIERS REGISTERED ON SYSTEM THAT CAN OFFER SUCH SERVICES
2012/06/07	INTERNAL AUDITING	ITUMELENG	FLIGHT & CAR HIRE	FLIGHT SPECIALS	R 29,062.00	ONLY TWO SUPPLIERS REGISTERED ON SYSTEM THAT CAN OFFER SUCH SERVICES
2012/06/07	IT	MASEKO	PLACEMENT OF AN ADVERT(Extension of Munsoft Contract)	P R COMMUNICATIONS	R 2,863.68	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/06/07	TECHNICAL SERVICES	NTEKELE	PLACEMENT OF AN ADVERT(Routine Road Maintenance - TLM)	P R COMMUNICATIONS	R 5,011.44	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/06/07	SOCIAL SERVICES	EK TSHABALALA	PLACEMENT OF AN ADVERT(Project No: 7801/13)	P R COMMUNICATIONS	R 5,011.44	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/06/08	CORPORATE SERVICES	ALET SCHOEMAN	STAPLE CARTRIDGES MP11 CSC5000A 5000 STAPLES IN BOX	RICOH	R 3,135.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/06/12	IT	MASEKO	REPAIR OF THE ISA SERVER(NDM)	BIG O TRADING 936	R 16,875.00	ONLY SUPPLIER REGISTERED ON NDM'S DATABASE THAT CAN PROVIDE SUCH SERVICES
2012/06/14	CORPORATE SERVICES	TUMISHO	ACCOMMODATION FOR COUNCILORS	GARDEN COURT MILPARK	R 13,397.89	GARDEN COURT IS THE NEAREST TO THE VENUE WORKSHOP